

MASCO CORP /DE/  
Form DEF 14A  
March 29, 2019

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.     )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240. 14a-12

**MASCO CORPORATION**



2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (02-02) Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



## A LETTER FROM THE CHAIR OF OUR BOARD

Masco Corporation  
17450 College Parkway  
Livonia, MI 48152  
313-274-7400  
[www.masco.com](http://www.masco.com)

March 29, 2019

Dear Stockholder:

On behalf of our entire Board of Directors, I am pleased to invite you to attend Masco Corporation's Annual Meeting of Stockholders. Our meeting will be held at 9:30 a.m. on Friday, May 10, 2019 at our corporate office in Livonia, Michigan. Following our formal meeting, management will provide a review of our operations and we will respond to your questions.

### **Board Oversight of Our Strategy**

To optimize the effectiveness of our Board, we engage with management throughout the year to understand and oversee our Company's strategic objectives, which focus on driving the full potential of our businesses, leveraging opportunities across our portfolio and actively managing our portfolio. Annually, we hold a strategy session with management to discuss the Company's execution of those objectives and our Company's long-term plans to drive stockholder value. At Board meetings throughout the year, management also provides updates on the progress toward achieving our strategy. The Board also sees our Company's strategy and corporate culture in action when leaders of our businesses present their specific growth objectives to us at Board meetings and when we visit one business unit each year to engage with its broader leadership team.

### **Board Composition and Refreshment**

Our Board is comprised of eleven directors who bring a diverse set of skills and experience that promote active and engaged discussions to ensure an effective and highly functioning Board. Our Corporate Governance and Nominating Committee regularly reviews our Board's composition to ensure alignment with long-term strategy, and as a result, has recommended to our Board the appointment of seven new independent directors since 2012. We also have performed an annual self-evaluation for a number of years. This focus on board refreshment and self-evaluation has brought a valued balance of fresh perspectives and deep historical knowledge of our Company to our Board's role as stewards of your investment in Masco Corporation. We will continue to focus on maintaining an appropriate balance of tenure, skills, experience and diversity, along with ensuring our Board continues to conduct itself effectively.



### **Commitment to Pay-for-Performance**

We believe that our Organization and Compensation Committee has demonstrated a consistent commitment to developing and overseeing executive compensation programs that align our executive management team's interests with delivering strong financial performance and driving long-term stockholder value. Our efforts to enhance our pay-for-performance practices resulted in 98% of the votes cast last year in favor of the compensation paid to our named executive officers. In 2018, approximately 87% of our CEO's compensation consisted of performance-based pay. In addition, as discussed in the Compensation Discussion and Analysis, we have incorporated numerous best practices into our executive compensation programs.

### **We Value Your Support**

On behalf of our entire Board, I thank you for your continued support of Masco Corporation and your confidence in us as Board members. Your vote is very important to us, and I urge you to carefully read this proxy statement. Voting instructions for the proposals to be presented at our Annual Meeting can be found on the enclosed proxy card. Please submit your vote today by internet, telephone or mail.

Sincerely,

**J. Michael Losh**

*Chair of the Board*

**THIS PROXY STATEMENT AND THE ENCLOSED PROXY CARD ARE BEING MAILED OR OTHERWISE  
MADE AVAILABLE TO STOCKHOLDERS ON OR ABOUT MARCH 29, 2019.**

**MASCO 2019 | NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**MASCO CORPORATION**

**Notice of Annual Meeting**

**of Stockholders**

Stockholders of record at the close of business on March 15, 2019 are entitled to vote at the Annual Meeting or any adjournment or postponement of the meeting. Whether or not you plan to attend the Annual Meeting, you can ensure that your shares are represented at the meeting by promptly voting by internet or by telephone, or by completing, signing, dating and returning your proxy card in the enclosed postage prepaid envelope. Instructions for each of these methods and the control number that you will need are provided on the proxy card. You may withdraw your proxy before it is exercised by following the directions in the proxy statement. Alternatively, you may vote in person at the meeting.

By Order of the Board of Directors,

**Kenneth G. Cole**

*Vice President, General Counsel and Secretary*



**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 10, 2019: THIS PROXY STATEMENT AND THE MASCO CORPORATION 2018 ANNUAL REPORT TO STOCKHOLDERS, WHICH INCLUDES THE COMPANY S ANNUAL REPORT ON FORM 10-K, ARE AVAILABLE AT:**

**<http://www.ezodproxy.com/masco/2019>**

**THE COMPANY WILL PROVIDE A COPY OF ITS ANNUAL REPORT ON FORM 10-K, WITHOUT CHARGE, UPON A STOCKHOLDER S WRITTEN REQUEST TO: INVESTOR RELATIONS, MASCO CORPORATION, 17450 COLLEGE PARKWAY, LIVONIA, MICHIGAN 48152.**

2019 Proxy  
Statement Summary

This summary highlights information to assist you in reviewing the proposals you will be voting on at our 2019 Annual Meeting. This summary does not contain all of the information you should consider; you should read the entire proxy statement carefully before voting. The proposals for our Annual Meeting are the election of our Class I Directors, the approval of the compensation paid to our named executive officers (who we generally refer to as our executive officers in this proxy statement), and the ratification of the selection of PricewaterhouseCoopers LLP as our independent auditors for 2019.

## CORPORATE GOVERNANCE AND OUR BOARD OF DIRECTORS

Our Board of Directors is committed to maintaining our high standards of ethical business conduct and corporate governance principles and practices. Our corporate governance practices include:

- ü **Robust Stockholder Engagement** - We reach out to our largest stockholders each spring and fall to discuss a broad range of executive compensation and governance topics.
- ü **Board Refreshment** - Seven new independent directors have joined our Board since 2012.
- ü **Organization and Talent Review** - Our Organization and Compensation Committee performs an annual review of our talent strategy and CEO and senior management succession planning.
- ü **Political Contribution Oversight** - Our Corporate Governance and Nominating Committee oversees our political contributions in accordance with our Political Contribution Policy.
- ü **Separation of our CEO and Chair of the Board** - The positions of our CEO and Chair of the Board are currently separated; our Chair of the Board is an independent director.
- ü **Board Self-Evaluation** - Annually, our directors review the effectiveness of our Board through a self-evaluation process.

**ii Majority Voting for our Directors** - In uncontested elections, our director nominees must receive more than 50% of the votes cast to be elected to our Board.

**ii Director Independence** - Nine of our eleven directors are independent, and all of the members of our Audit, Organization and Compensation, and Corporate Governance and Nominating Committees are independent.

---

MASCO 2019 | 2019 PROXY STATEMENT SUMMARY

**DIRECTOR NOMINEES**

The Class I Director Nominees for our Board of Directors are:

Marie A. Ffolkes

**DIRECTOR SINCE:** 2017

**POSITION:** President, Industrial Gases, Americas of Air Products & Chemicals, Inc.

**INDEPENDENT:** Yes

**COMMITTEES:** Audit Committee; Organization and Compensation Committee

Donald R. Parfet

**DIRECTOR SINCE:** 2012

**POSITION:**

Managing Director, Apjohn Group, LLC, a business development company

General Partner, Apjohn Ventures Fund, Limited Partnership, a venture capital fund

**INDEPENDENT:** Yes

**COMMITTEES:** Audit Committee; Organization and Compensation Committee (Chair)

Lisa A. Payne

**DIRECTOR SINCE:** 2006

**POSITION:** Former Vice Chairman and Chief Financial Officer of Taubman Centers, Inc., a real estate investment trust

**INDEPENDENT:** Yes

**COMMITTEES:** Audit Committee (Chair); Organization and Compensation Committee

Reginald M. Turner

**DIRECTOR SINCE:** 2015

**POSITION:** Attorney and Member, Clark Hill PLC, a Detroit, Michigan-based law firm; and currently serves on its Executive Committee

**INDEPENDENT:** Yes

**COMMITTEES:** Audit Committee; Corporate Governance and Nominating Committee

If elected, each would serve for a three-year term concluding at our 2022 Annual Meeting.

## **BOARD REFRESHMENT**

We have had significant Board refreshment over the past several years. Seven new independent directors have joined our Board since 2012, which, combined with our directors who have experience with us, provides a desirable balance of deep, historical understanding of our Company and new and diverse perspectives.

## **STOCKHOLDER OUTREACH**

In determining our executive compensation and corporate governance practices, our Board believes it is important to consider feedback from our stockholders. In 2018, we continued our robust stockholder engagement program and requested the opportunity to engage with stockholders holding approximately 50% of our outstanding shares. We ultimately engaged with stockholders representing 20% of our outstanding shares, and discussed our Board's oversight of our strategy and risk, board composition and refreshment, corporate sustainability and our annual and long-term performance-based compensation programs. We received positive feedback from the stockholders with whom we spoke regarding the structure of our compensation programs and practices, which was reflective of the strong support we received for our say-on-pay proposal over the past years. We provide reports on the feedback we receive to our Organization and Compensation Committee ( Compensation Committee ) and Corporate Governance and Nominating Committee ( Governance Committee ).

**2018 FINANCIAL PERFORMANCE**

We delivered solid financial results in 2018. Our reported sales for the full year increased 9% to \$8.4 billion and we increased our operating profit for the full year 1% to \$1.2 billion. Our sales growth was driven by our acquisitions of Kichler Lighting in March 2018 and Mercury Plastics in December 2017, strong consumer demand due to increased repair and remodel activity and new home construction in the U.S. and net selling price increases. Our operating profit grew despite the rising price of raw materials and logistics costs, Enterprise Resource Planning System costs and a purchase accounting adjustment related to our acquisition of Kichler Lighting, demonstrating our ability to manage our costs.

In addition to delivering sales and operating profit growth, we continued to execute on our capital allocation strategy. In 2018 we returned value to our stockholders by repurchasing \$654 million in shares of our stock and increasing our annual dividend for the fifth year in a row. In addition, we deployed \$549 million to complete the acquisition of Kichler Lighting.

**2018 EXECUTIVE COMPENSATION**

Based on our financial performance in 2018, we exceeded the target for our working capital as a percent of sales goal, but we did not achieve our target operating profit goal.

**2018 Annual Performance Program**

Under our annual performance program, we pay cash bonuses and grant restricted stock to our executive officers if we meet our performance goals for operating profit and working capital as a percent of sales. The following tables reflect our 2018 target goals, our performance relative to our target goals and the compensation we paid to our executive officers under our 2018 annual performance program:

Performance Metric	Target	Performance (as adjusted)	Weighted Performance Percentage
<b>Operating Profit (in millions)</b>	\$1,300	\$1,272	89%
	15.3%	15.1%	
<b>Working Capital as a Percent of Sales</b>			

See Our 2018 Annual Performance Program in our Compensation Discussion and Analysis for a description of our calculation of operating profit and working capital as a percent of sales performance.

Name	Cash Bonus (\$)	Restricted Stock Award (\$)	Total 2018 Annual Performance Compensation (\$)
<b>Keith J. Allman</b>	1,603,600	1,781,683	3,385,283
<b>John G. Sznewajs</b>	469,700	469,574	939,274
<b>Richard A. O Reagan</b>	368,000	367,987	735,987
<b>Jai Shah</b>	410,700	410,611	821,311
<b>Kenneth G. Cole</b>	270,300	270,307	540,607

Mr. Shah served as the General Manager of one of our business units until he was promoted to Group President in November 2018. His cash bonus and restricted stock award were determined using a prorated performance percentage of 104%, which is based on the performance of that business unit and our corporate performance in 2018.



---

**MASCO 2019 | 2019 PROXY STATEMENT SUMMARY**
**2016-2018 Long-Term Performance Program**

Under our 2016-2018 Long Term Cash Incentive Program ( LTCIP ), our executive officers had the opportunity to earn a performance award in cash based on our achievement of a performance goal over the three-year period. The following tables reflect our target return on invested capital ( ROIC ) goal for the 2016-2018 LTCIP performance period, our performance relative to our target goal and the compensation we paid to our executive officers:

Performance Metric	Target	Performance (as adjusted)	Performance Percentage
<b>Return on Invested Capital</b>	12.0%	15.0%	160%

See Our Long-Term Incentive Program in our Compensation Discussion and Analysis for a description of our calculation of ROIC performance.

Name	LTCIP for 2016-2018 (\$)
<b>Keith J. Allman</b>	2,640,000
<b>John G. Sznewajs</b>	772,800
<b>Richard A. O Reagan</b>	556,200

<b>Jai Shah</b>	407,100
-----------------	---------

<b>Kenneth G. Cole</b>	431,600
------------------------	---------

## OUR COMPENSATION PRACTICES

During 2018, our Compensation Committee reviewed our compensation programs and practices to ensure our interests and the objectives for our compensation programs are aligned. At our 2018 Annual Meeting, 98% of the votes cast on our say-on-pay proposal approved the compensation we paid to our executive officers. Although the say-on-pay vote is advisory and non-binding, our Compensation Committee believes this approval percentage indicates strong support for our continued efforts to enhance our pay-for-performance practices, and our Compensation Committee concluded that our stockholders endorse our current executive compensation programs and practices.

### Our compensation practices include:

- ü **Long-Term Incentives** - Our compensation programs are weighted toward long-term incentives. We give approximately equal weight to performance-based restricted stock, stock options and our three-year incentive program. In 2017, we modified our three-year incentive program by replacing the cash award with performance-based restricted stock units ( PRSUs ).
- ü **Five-Year Vesting for Equity Awards** - Our performance-based restricted stock and stock option awards vest over five years, which is longer than typical market practice.
- ü **Long-Term Performance Program** - A significant portion of our executive officers' compensation opportunity is based on the achievement of a long-term performance goal.
- ü **Capped Awards** - Our annual and long-term incentive compensation plan payouts are limited to 200% of the target opportunity.
- ü **Clawback Policy** - If we restate our financial statements, other than as a result of changes to accounting rules or regulations, our clawback policy allows us to recover incentive compensation paid to our executives in the three-year period prior to the restatement, regardless of whether misconduct caused the restatement.

2019 PROXY STATEMENT SUMMARY | MASCO 2019

- ü **Stock Ownership Requirements** - We have minimum stock ownership requirements for our executive officers, including requiring our CEO to own stock valued at six times his base salary. As of December 31, 2018, each of our executive officers met his or her stock ownership requirement.
  
- ü **Double-Trigger Vesting** - We have double-trigger vesting of equity on a change in control.
  
- ü **Tally Sheets and Risk Analysis** - Our Compensation Committee uses tally sheets and analyzes risk in setting executive compensation.
  
- ü **Competitive Analysis** - On an annual basis, our Compensation Committee reviews a market analysis of executive compensation paid by our peer companies and published survey data for comparably-sized companies.
  
- ü **Limited Perquisites** - We provide limited perquisites to our executive officers.

**Our compensation practices do not include:**

**Excise Tax Gross-Ups** - We have eliminated the excise tax gross-up feature on all of the equity grants made since 2012.

**Hedging or Pledging** - Our policy prohibits executives and directors from hedging our stock and from making future pledges of our stock.

**Contractual Termination Arrangements** - We have no change in control agreements, contractual severance agreements or employment agreements providing for severance payments with our executive officers.

**Option repricing** - Our equity plan prohibits the repricing of options without stockholder approval.

---

**MASCO 2019 | TABLE OF CONTENTS**
**Table of Contents**

<b>PART I - CORPORATE GOVERNANCE</b>	
<b><u>Director and Director Nominees</u></b>	<b>1</b>
<b><u>Director Nominees for Class I (Term Expiring at Annual Meeting in 2022)</u></b>	<b>2</b>
<b><u>Class II Directors (Term Expiring at the Annual Meeting in 2020)</u></b>	<b>4</b>
<b><u>Class III Directors (Term Expiring at the Annual Meeting in 2021)</u></b>	<b>6</b>
<b><u>Board of Directors</u></b>	<b>8</b>
<u>Leadership Structure of our Board of Directors</u>	8
<u>Director Independence</u>	9
<u>Board Refreshment</u>	10
<u>Board Membership and Composition</u>	10
<u>Risk Oversight</u>	11
<u>Board Meetings and Attendance</u>	12
<u>Communications with our Board of Directors</u>	12
<b><u>Committees of our Board of Directors</u></b>	<b>13</b>
<b><u>Director Compensation Program</u></b>	<b>16</b>
<b><u>Related Person Transactions</u></b>	<b>18</b>
<b><u>Proposal 1: Election of Class I Directors</u></b>	<b>20</b>
<b>PART II - COMPENSATION DISCUSSION AND ANALYSIS</b>	
<b><u>Compensation Discussion and Analysis Summary</u></b>	<b>21</b>
<b><u>Compensation Decisions in 2018</u></b>	<b>25</b>
<u>Our 2018 Financial Performance</u>	25
<u>How We Performed Against our Performance Compensation Goals</u>	25
<u>Our 2018 Annual Performance Program</u>	25
<u>Our Long Term Incentive Program</u>	28
<u>Stock Options Granted in 2018</u>	31
<u>Other Components of our Executive Compensation Program</u>	31
<b><u>Our Executive Compensation Program Highlights</u></b>	<b>32</b>
<u>We Provide Long-Term Equity Incentives</u>	32
<u>We Have a Long-Term Performance Program</u>	33
<u>We Can Clawback Incentive Compensation</u>	33
<u>We Require Minimum Levels of Stock Ownership by our Executives</u>	33
<u>We Adopted Double-Trigger Change of Control Provisions for our Equity Awards</u>	34

<u>Our Compensation Committee Conducts an Annual Compensation Risk Evaluation</u>	34
<u>The Structure of our Compensation Programs Encourages Executive Retention and Protects Us</u>	34
<u>We Prohibit Excise Tax Gross-Up Payments</u>	34
<u>We Prohibit Hedging and Pledging</u>	35
<u>We Do Not Have Contractual Termination Agreements</u>	35
<b><u>Our Annual Compensation Review Process</u></b>	35
<u>Annual Management Talent Review and Development Process</u>	35
<u>Compensation Data Considered by our Compensation Committee</u>	35

## TABLE OF CONTENTS | MASCO 2019

<u>Our Peer Group</u>	37
<u>Retention of Discretion by our Compensation Committee</u>	37
<u>Outside Compensation Consultant</u>	37
<b><u>Tax Treatment</u></b>	38
<b><u>Conclusion</u></b>	38
<b><u>Compensation Committee Report</u></b>	39
<b><u>Proposal 2: Advisory Vote to Approve the Compensation of Our Named Executive Officers</u></b>	40
<b>PART III - COMPENSATION OF EXECUTIVE OFFICERS</b>	
<b><u>Summary Compensation Table</u></b>	41
<b><u>Grants of Plan-Based Awards</u></b>	45
<b><u>Outstanding Equity Awards at Fiscal Year-End</u></b>	46
<b><u>Option Exercises and Stock Vested</u></b>	49
<b><u>Retirement Plans</u></b>	49
<b><u>Payment Upon Change in Control</u></b>	52
<b><u>Payment Upon Retirement, Termination, Disability or Death</u></b>	53
<b><u>CEO Pay Ratio</u></b>	56
<b>PART IV - AUDIT MATTERS</b>	
<b><u>Audit Committee Report</u></b>	57
<b><u>PricewaterhouseCoopers LLP Fees</u></b>	58
<b><u>Audit Committee Pre-Approval Policies and Procedures</u></b>	58
<b><u>Proposal 3: Ratification of Selection of Independent Auditors</u></b>	59
<b>PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP</b>	
<b><u>Executive Officers</u></b>	60
<b><u>Security Ownership of Management and Certain Beneficial Owners</u></b>	62
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	64
<b>PART VI - GENERAL INFORMATION</b>	
<b><u>2019 Annual Meeting of Stockholders Questions and Answers</u></b>	65
<u>Who is entitled to vote at the Annual Meeting?</u>	65
<u>What is the difference between holding shares as a record holder and as a beneficial owner?</u>	66
<u>What is a broker non-vote?</u>	66
<u>How are abstentions and broker non-votes treated?</u>	66
<u>What constitutes a quorum?</u>	66
<u>How can I submit my vote?</u>	66
<u>How many votes are needed for each proposal to pass?</u>	67
<u>Is my proxy revocable?</u>	67

<u>Who is paying for the expenses involved in preparing and mailing this proxy statement?</u>	67
<u>What happens if additional matters are presented at the Annual Meeting?</u>	67
<u>What is householding and how does it affect me?</u>	67
<u>Our Website</u>	68
<b><u>2020 Annual Meeting of Stockholders</u></b>	69
<u>Proxy Statement Proposal</u>	69
<u>Matter for Annual Meeting Agenda</u>	69
<u>Director Candidate Nomination</u>	69
<b><u>Other Matters</u></b>	70

## Corporate Governance

This section of our proxy statement provides information on the qualifications and experience of our director nominees and incumbent directors, the composition of our Board and structure of our Board committees, and other important corporate governance matters.

### DIRECTORS AND DIRECTOR NOMINEES

Our Board is divided into three classes. Following the election of the Class I directors nominated at this Annual Meeting, the terms of office of our Class I, Class II and Class III directors will expire at the Annual Meeting of Stockholders in 2022, 2020 and 2021, respectively, or when their respective successors are elected and qualified.

In addition to meeting the criteria that are described below under Board Membership and Composition, each of our director nominees and each continuing director brings a strong and unique background and set of skills to our Board. As a result, our Board as a whole possesses competence and experience in a wide variety of areas.

### Skills and Expertise Represented by our Directors and Director Nominees

Business development and M&A	Executive management	Government relations	Legal and compliance	Retail/channel management



Edgar Filing: MASCO CORP /DE/ - Form DEF 14A

Consumer products and manufacturing	Finance and accounting	Growth strategy	Marketing and brand management	Risk management
Corporate governance	Global operations	Innovation	Portfolio strategy	Talent management

---

**MASCO 2019 | PART I - CORPORATE GOVERNANCE**

**DIRECTOR NOMINEES FOR CLASS I**

**(Term Expiring at the Annual Meeting in 2022)**

**Marie A. Ffolkes**

**AGE:** 46

**DIRECTOR SINCE:** 2017

**POSITION:**

President, Industrial Gases, Americas of Air Products Chemicals, Inc., an industrial gases company, since 2015

**RELEVANT SKILLS AND EXPERIENCE:**

As President, Industrial Gases, Americas of Air Products & Chemicals, Inc., Ms. Ffolkes is responsible for leading the strategy implementation and profitability of the company's industrial gases operations in North America and South America. Ms. Ffolkes' strong leadership experience allows her to provide valuable contributions and perspectives to our Board in areas important to our performance including operations, finance, international markets, marketing and personnel.

**BUSINESS EXPERIENCE:**

Tenneco:

Global Vice President and General Manager, Ride Performance Group (2013-2015)

Vice President and General Manager, Global Elastomers (2011-2013)

Johnson Controls International plc (formerly, Johnson Controls):

Vice President & General Manager South America Region, Automotive Group (2010-2011)

Vice President and General Manager, Hyundai-Kia Customer Business Unit (2008-2010)

Global Vice President, Japan (2006-2008)

**Donald R. Parfet**

**AGE:** 66

**DIRECTOR SINCE:** 2012

**POSITION:**

Managing Director, Apjohn Group, LLC, a business development company, since 2000

General Partner, Apjohn Ventures Fund, Limited Partnership, a venture capital fund, since 2003

**RELEVANT SKILLS AND EXPERIENCE:**

As an executive with responsibilities for numerous global businesses, Mr. Parfet brings extensive financial and operating experience to our Board, particularly in areas of financial and corporate staff management and senior operational practices for multiple global business units. His experience in business development and venture capital firms provides our Board with a valued perspective on growth and strategy. He is also experienced in leading strategic planning, risk assessment, human resource planning and financial planning and controls. His global operating experience, strong financial background and proven leadership capabilities are especially important to our Board's consideration of product and geographic expansion and business development opportunities.

**BUSINESS EXPERIENCE:**

Chairman of the Board of Kelly Services, Inc., Lead Independent Director of Rockwell Automation, Inc. and Chairman of the Board of Sierra Oncology, Inc.

Senior Vice President, Pharmacia Corporation, a pharmaceutical company, from which he retired in 2000

Served as a senior corporate officer of Pharmacia & Upjohn and The Upjohn Company, predecessors of Pharmacia Corporation

Director and trustee of a number of charitable and civic organizations

Lisa A. Payne

**AGE:** 60

**DIRECTOR SINCE:** 2006

**POSITION:**

Former Vice Chairman and Chief Financial Officer of Taubman Centers, Inc., a real estate investment trust

**RELEVANT SKILLS AND EXPERIENCE:**

Ms. Payne provides leadership and executive management experience to our Board. She also possesses substantial financial, accounting and corporate finance expertise gained through her experience as Chief Financial Officer of Taubman Centers and as an investment banker. Her financial focus and proficiency helped guide Taubman Centers through the economic recession and increase shareholder value. She brings to our Board an understanding of growth strategy. In addition, Ms. Payne's extensive experience in real estate investment, development and acquisition gives her an informed and thorough understanding of macroeconomic factors that may impact our business.

**BUSINESS EXPERIENCE:**

Director of J.C. Penney Company, Inc. and Rockwell Automation, Inc.

Chairman of the Board of Soave Enterprises, LLC, a privately held diversified management and investment company (2016-2017)

President of Soave Real Estate Group (2016-2017)

Taubman Centers, Inc.:

Vice Chairman (2005-2016)

Chief Financial Officer (2005-2015)

Executive Vice President and Chief Financial and Administrative Officer (1997-2005)

During the past five years, served as director of Taubman Centers, Inc. and Soave Enterprises, LLC

Investment banker, Goldman, Sachs & Co. (1987-1997)

## Reginald M. Turner

**AGE:** 59

**DIRECTOR SINCE:** 2015

### **POSITION:**

Attorney and Member, Clark Hill PLC, a Detroit, Michigan-based law firm, since April 2000, and currently serves on its Executive Committee

### **RELEVANT SKILLS AND EXPERIENCE:**

As an accomplished litigator and legal advisor with expertise in labor and employment law and government relations, Mr. Turner brings to our Board substantial insight in these areas. His background, coupled with his service as a director of a financial institution and a member of its enterprise risk committee, make him a valuable asset to our

Board in the areas of risk management and finance. Mr. Turner has numerous and varied experiences in business, civic and charitable leadership roles, and his skills and insight benefit our Board as it considers issues of risk management, corporate governance and legal risk.

**BUSINESS EXPERIENCE:**

Director of Comerica Incorporated since 2005, where he currently chairs that board's Enterprise Risk Committee and serves on its Audit Committee and Qualified Legal Compliance Committee

Past President of the National Bar Association and past President of the State Bar of Michigan

Active in public service and with civic and charitable organizations, serving in leadership positions with the Detroit Public Safety Foundation, the Detroit Institute of Arts, and the Community Foundation for Southeast Michigan

Past chair of the United Way for Southeastern Michigan; Mr. Turner continues to serve on its executive committee

---

**MASCO 2019 | PART I - CORPORATE GOVERNANCE**

**CLASS II DIRECTORS**

**(Term Expiring at the Annual Meeting in 2020)**

**Keith J. Allman**

**AGE: 56**

**DIRECTOR SINCE: 2014**

**POSITION:**

Our President and Chief Executive Officer, since 2014

**RELEVANT SKILLS AND EXPERIENCE:**

Mr. Allman brings to our Board strong business leadership skills, hands-on operational experience with our businesses and valuable insight into our culture. He played an integral role in developing our strategies to strengthen our brands and improve our execution, which has helped to provide the foundation for the current direction of our Company. His key leadership positions within our Company have given him deep knowledge of all aspects of our business, and he also possesses a significant understanding of, and experience with, complex operations as well as company-specific customer expertise.

**BUSINESS EXPERIENCE:**



Masco Corporation:

Group President (2011-2014)

President, Delta Faucet (2007-2011)

Executive Vice President, Builder Cabinet Group (2004-2007)

Served in various management positions of increasing responsibility at Merillat Industries (1998-2003)

Director of Oshkosh Corporation

**J. Michael Losh**

**AGE:** 72

**DIRECTOR SINCE:** 2003

**POSITION:**

Retired Chief Financial Officer and Executive Vice President of General Motors Corporation, a global automotive company

**RELEVANT SKILLS AND EXPERIENCE:**

Mr. Losh has strong leadership skills gained through significant executive leadership positions and through his service on boards of other publicly held companies in various industries. His current activities provide him with valuable exposure to developments in board oversight responsibilities, corporate governance, risk management, accounting and financial reporting, which enhances his service to us as Chairman of our Board. In addition, Mr. Losh has experience

with and understands complex international financial transactions. He possesses substantial finance and accounting expertise gained through his experience as Chief Financial Officer of large organizations and through his service on other boards and audit committees.

**BUSINESS EXPERIENCE:**

Director of Prologis, Aon plc, H.B. Fuller Company, Cardinal Health, Inc. and Amesite Inc.

During the past five years, served as a director of CareFusion Corporation and TRW Automotive Holdings Corp.

Interim Chief Financial Officer of Cardinal Health, Inc. (2004-2005)

Served for 36 years in various capacities at General Motors Corporation until his retirement in 2000

Christopher A. O Herlihy

**AGE:** 55

**DIRECTOR SINCE:** 2013

**POSITION:**

Vice Chairman of Illinois Tool Works Inc., a global diversified industrial manufacturer of specialized industrial equipment, consumables, and related service businesses, since 2015

**RELEVANT SKILLS AND EXPERIENCE:**

Mr. O Herlihy joined Illinois Tool Works Inc. in 1989. During his 30 years with Illinois Tool Works, he has held several executive positions through which he has acquired extensive knowledge and experience in all aspects of business, including business strategy, operations, mergers and acquisitions, emerging markets, financial performance and structure, legal matters and human resources/talent management. His current responsibilities include developing and executing the company's overall corporate growth strategy. He brings to our Board strategic insight and understanding of complex business and manufacturing operations, as well as a valuable perspective of international business operations, gained through his experience with a multi-billion dollar diversified global organization.

**BUSINESS EXPERIENCE:**

Illinois Tool Works Inc.:

Executive Vice President, with worldwide responsibility for Illinois Tool Works Food Equipment Group (2010-2015)

Group President Food Equipment Group Worldwide (2010)

Group President Food Equipment Group International (2009-2010)

For almost 30 years, served in various positions of increasing responsibility, including as Group President of the Polymers and Fluids Group

**Charles K. Stevens, III**

**AGE:** 59

**DIRECTOR SINCE:** 2018

**POSITION:**

Retired Executive Vice President and Chief Financial Officer of General Motors Company, a global automotive company

**RELEVANT SKILLS AND EXPERIENCE:**

Mr. Stevens joined General Motors Company in 1983 with the Buick Motor Division. In his over 30 years with General Motors Company, Mr. Stevens acquired significant leadership experience in financial and accounting operations. His extensive background and expertise provide to our management and Board a valuable understanding of finance, financial operations, international financial matters, mergers and acquisitions and consumer goods. His past responsibilities include being a vital contributor to developing and executing business strategies to drive profitable growth, which benefit our Board as it oversees our strategy.

**BUSINESS EXPERIENCE:**

Director of Flex, Ltd. since 2018

General Motors Company:

Executive Vice President and Chief Financial Officer (2014-2018)

Chief Financial Officer of GM North America (2010-2014)

Interim Chief Financial Officer of GM South America (2011-2013)

Chief Financial Officer of GM de Mexico (2008-2010)

Chief Financial Officer of GM Canada (2006-2008)

For more than 30 years, served in various positions of increasing responsibility, including several leadership positions with GM's Asia Pacific region including China, Singapore, Indonesia and Thailand

---

MASCO 2019 | PART I - CORPORATE GOVERNANCE

**CLASS III DIRECTORS**

(Term Expiring at the Annual Meeting in 2021)

**Mark R. Alexander**

**AGE:** 54

**DIRECTOR SINCE:** 2014

**POSITION:**

Chief Executive Officer, Icelandic Provisions, Inc., since February 2019

**RELEVANT SKILLS AND EXPERIENCE:**

Through his experience as a current CEO and as the former President of Campbell Soup Company's largest division, Mr. Alexander brings to our Board strong leadership skills and experience in developing and executing business growth strategies. His past business responsibilities include investing in brand-building, innovation and expanded distribution, which correspond to areas of focus at our business operations. His extensive international experience with consumer branded products and his background in marketing and customer relations also provide our Board with expertise and insight as we leverage our consumer brands in the global market.

**BUSINESS EXPERIENCE:**

Campbell Soup Company:

Senior Vice President (2009-2018)

President of Americas Simple Meals and Beverages (2015-2018)

President of Campbell North America (2012-2015), Campbell International (2010-2012) and Asia Pacific (2006-2009)

Chief Customer Officer and President North America Baking & Snacking (2009-2010)

Served in various marketing, sales and management roles in the United States, Canada, Europe and Asia since 1989

**Richard A. Manoogian**

**AGE:** 82

**DIRECTOR SINCE:** 1964

**POSITION:**

Our Chairman Emeritus, since 2012

**RELEVANT SKILLS AND EXPERIENCE:**

Mr. Manoogian was instrumental in the dramatic growth of Masco to become a global leader in the design, manufacture and distribution of branded home improvement and building products. His experience in navigating our Company through various phases of its transformation and diversification provides our Board with unique and extensive knowledge of our Company's history and strategies. As a long-term leader at Masco, Mr. Manoogian possesses firsthand knowledge of our operations as well as a deep understanding of the residential repair and remodeling and new home construction industries.

**BUSINESS EXPERIENCE:**

Our Chairman of the Board (1985-2012)

Masco Corporation:

Executive Chairman (2007-2009)

Chief Executive Officer (1985-2007)

Elected President in 1968 and Vice President in 1964

Director of Ford Motor Company (2001-2014)



**John C. Plant**

**AGE:** 65

**DIRECTOR SINCE:** 2012

**POSITION:**

Chief Executive Officer (since February 2019) and Chairman of the Board (since 2017) of Arconic Inc. (formerly Alcoa Inc.)

**RELEVANT SKILLS AND EXPERIENCE:**

Based on his leadership positions with multi-billion dollar diversified global companies, Mr. Plant brings to our Board strategic insight and understanding of complex operations as well as a valuable perspective of international business. He understands how to manage a company through economic cycles and major transactions. He has a strong background in finance and extensive knowledge and experience in all aspects of business, including operations, business development matters, mergers and acquisitions, financial performance and structure, legal matters and human resources.

**BUSINESS EXPERIENCE:**

Director of Jabil Circuit, Inc. and Gates Corporation

TRW Automotive Holdings Corp.:

Chairman of the Board (2011-2015)

President and Chief Executive Officer and Director (2003-2015)

Co-member of the Chief Executive Office of TRW Inc. and the President and Chief Executive Officer of the automotive business of TRW Inc. (2001-2003)

Director Emeritus of the Automotive Safety Council

MASCO 2019 | PART I - CORPORATE GOVERNANCE

**BOARD OF DIRECTORS**

Our Board of Directors is committed to maintaining our high standards of ethical business conduct and corporate governance principles and practices.

Key Facts about our Board

Chair of the Board: J. Michael Losh

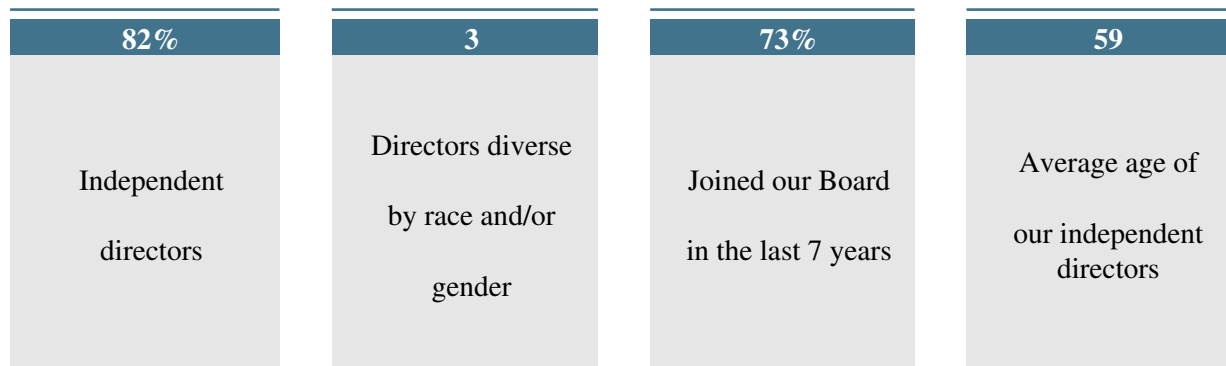
Our current Chair and CEO roles are separate

Each member of our Audit Committee, Compensation Committee and Governance Committee is independent

6 Board meetings were held in 2018, including one business unit site visit

We have had significant board refreshment, as indicated by our range of director tenure:

Number of directors:	3	5	3
Service on Board:	0-4 years	5-9 years	10+ years



**Leadership Structure of our Board of Directors**

Mr. J. Michael Losh was appointed as Chair of our Board on May 4, 2015. At that time, Mr. Losh also became the Chair of our Corporate Governance and Nominating Committee. Mr. Losh has served on our Board since 2003, including as the Chair of our Audit Committee from 2008-2015.

**Effective Oversight of our Company**

As an independent Chair of our Board, Mr. Losh has a strong working relationship with the other directors and with our management. His responsibilities include:

presiding at Board meetings and at executive sessions of the independent directors;

providing advice to our CEO;

consulting with management regarding information sent to our Board;

approving our Board's meeting agendas and assuring that there is sufficient time for discussion of all agenda items;

overseeing the Board's annual review of our strategic plan and its execution;

calling meetings of the independent directors, as necessary; and

overseeing our Board and Committee self-evaluation process.

### Separation of our Chair of the Board and CEO Roles

Our Board believes that its leadership structure is in the best interests of the Company and our stockholders at this time; however, our Board has no policy with respect to the separation of the roles of CEO and Chair and believes that this matter should be discussed and determined by the Board from time to time, based on all of the then-current facts and circumstances. If the roles of Chair and CEO are combined in the future, the role of Lead Director could become part of our Board leadership structure.

### Communications with our Chair of the Board

If you are interested in contacting the Chair of our Board, you may send your communication in care of our Secretary to the address specified in [Communications with Our Board of Directors](#) below.

### Director Independence

Our Corporate Governance Guidelines require that a majority of our directors qualify as independent under the requirements of applicable law and the New York Stock Exchange's listing standards.

### Director Independence Standards

For a director to be considered independent, our Board must determine that the director does not have any direct or indirect material relationship with us. Our Board has adopted standards to assist it in making a determination of independence for directors. These standards are posted on our website at [www.masco.com](http://www.masco.com).

### Assessment of our Directors' Independence

Our Board has determined that nine of our eleven directors, including all of our non-employee directors other than Mr. Manoogian, are independent. As an employee, Mr. Allman, our President and Chief Executive Officer, is not an independent director. Our independent directors are Messrs. Alexander, Losh, O'Herlihy, Parfet, Plant, Stevens and Turner, Ms. Ffolkes and Ms. Payne.

In making its independence determinations, our Board reviewed all transactions, relationships and arrangements for the last three fiscal years involving each non-employee director and the Company.

In evaluating Mr. O'Herlihy's independence, our Board considered our purchases of goods from Illinois Tool Works Inc. and its subsidiaries. The aggregate amount of these purchases was approximately \$0.4 million in 2018. Illinois Tool Works has reported revenue of \$14.8 billion in 2018. Our Board does not believe that Mr. O'Herlihy has a material interest in these transactions.

In evaluating Ms. Ffolkes's independence, our Board considered our purchases of goods from Air Products & Chemicals, Inc. and its subsidiaries. The aggregate amount of these purchases was approximately \$0.6 million in 2018. Air Products and Chemicals has reported revenue of \$8.9 billion for its fiscal year ended September 30, 2018. Our Board does not believe that Ms. Ffolkes has a material

interest in these transactions.

Our Board also determined that we did not make any discretionary charitable contributions exceeding the greater of \$1 million or 2% of the revenues of any charitable organization in which any of our directors was actively involved in the day-to-day operations.

#### **Committee Member Independence Assessment**

Our Board has determined that each member of our Audit Committee, Compensation Committee and Governance Committee qualifies as independent.

## MASCO 2019 | PART I - CORPORATE GOVERNANCE

### **Board Refreshment**

Our Governance Committee reviews current director tenure, including whether any vacancies are expected on our Board due to retirement or otherwise, and periodically assesses the composition of our Board by reviewing our directors' skills and expertise. Our Board completes a director skills exercise periodically to provide our Governance Committee insight into our Board composition. The Committee uses this information to evaluate the skills and experience represented on our Board and to identify anticipated skills and experience that would be valuable in the future to best support the Company's strategic objectives. In 2017, our Governance Committee and Board focused on director candidate recruitment, which resulted in the appointment of two new independent directors, Ms. Marie Ffolkes and Mr. Charles Stevens.

### **Director Refreshment**

Seven new independent directors have joined our Board since 2012, bringing fresh and diverse perspectives. These directors have particular strength in the areas of executive management, finance and accounting, global operations, business and growth strategy, brand management, consumer products, risk management, talent management, corporate governance and government relations. We believe the addition of these new directors, combined with our directors who have experience with us, provides a desirable balance of deep, historical understanding of our Company and new perspectives, resulting in strong guidance and oversight to our executive management team.

### **Board Membership and Composition**

#### **Board Membership**

Our Governance Committee believes that directors should possess exemplary personal and professional reputations, reflecting high ethical standards and values. The expertise and experience of directors should provide a source of strategic oversight, advice and guidance to our management. A director's judgment should demonstrate an inquisitive and independent perspective with intelligence and practical wisdom. Directors should be free of any significant business relationships which would result in a potential conflict in judgment between our interests and the interests of those with whom we do business. Each director should be committed to serving on our Board for an extended period of time and to devoting sufficient time to carry out the director's duties and responsibilities in an effective manner for the benefit of our stockholders. Our Governance Committee also considers additional criteria adopted by our Board for director nominees and the independence, financial literacy and financial expertise standards required by applicable law and by the New York Stock Exchange.

#### **Board Composition**

Neither our Board nor our Governance Committee has adopted a formal Board diversity policy. However, as part of its assessment of Board composition and evaluation of potential director candidates, our Governance Committee considers whether our directors hold diverse viewpoints, professional experiences, education and other skills and attributes that are necessary to enhance our Board's effectiveness. In addition, our Governance Committee believes that it is desirable for directors to possess diverse characteristics of gender, race, national origin, ethnicity and age, and considers such factors in its evaluation of candidates for Board membership.

#### **Director Candidate Recommendations**

The Governance Committee uses a number of sources to identify and evaluate director nominees. It is the Governance Committee's policy to consider director candidates recommended by stockholders. All Board candidates, including those recommended by stockholders, are evaluated against the criteria described above. Stockholders wishing to have the Governance Committee consider a candidate should



submit the candidate's name and pertinent background information to our Secretary at the address stated below in Communications with our Board of Directors. Stockholders who wish to nominate director candidates for election to our Board should follow the procedures set forth in our Certificate of Incorporation and Bylaws. For a summary of these procedures, see 2020 Annual Meeting of Stockholders below.

### Risk Oversight

Our Board oversees our risk management practices, both directly and through its committees. Our Board exercises its risk oversight through review and discussion of comprehensive analyses prepared by management on material risks facing us and related mitigating activities; updates regarding these risks are presented at Board meetings throughout the year, as necessary.

Key risk oversight activities of our Board include:

Strategic risk	<p>Each year our Board holds a strategy session in which management and our directors engage in a discussion of the execution of our current strategic objectives and the development of our long-term strategy.</p> <p>In 2018, our Board's strategy session included a presentation from an investment banker that provided our directors an external perspective of our Company.</p>
Financial and operational risk	<p>Each year our Board and management discuss our enterprise risk management profile, including the financial and operational risks material to us, and the activities we are pursuing to mitigate those risks.</p> <p>During the year, our directors discuss with management our financial performance and the opportunities and risks in achieving our annual and long-term operating plans.</p> <p>During the year, our directors discuss with certain of our business unit general managers their business and industry and the strategic objectives of those business units.</p>

Legal, regulatory, ethics  
and compliance risk

Each year our Board and management discuss an analysis of material legal, regulatory and ethics and compliance risk areas and the activities we are pursuing to mitigate those risks areas.

During the year, our directors discuss with management risks as they arise and activities being taken to mitigate those risks.

Our Board has delegated certain responsibilities for risk oversight to our Audit and Compensation Committees, as follows:

Key Risk Oversight Responsibilities of our Audit Committee
Financial reporting
Internal controls over financial reporting
Legal and regulatory compliance
Ethics and compliance program

Key Risk Oversight Responsibilities of our Compensation Committee
Executive compensation programs and policies
CEO and executive management succession planning

## MASCO 2019 | PART I - CORPORATE GOVERNANCE

For a detailed description of the risk oversight activities of our Audit and Compensation Committees, see the Committees of the Board of Directors section.

### **Board Meetings and Attendance**

#### **Board Meetings**

Our Board held six meetings in 2018, one of which focused primarily on reviewing our long-term strategic plan with management. In addition to the Board meetings at our corporate headquarters, in 2018 our directors visited Behr Paint's headquarters and manufacturing and distribution facilities to observe operations and meet with Behr's management team.

#### **Meeting Attendance**

Each director attended at least 75% of our Board meetings and applicable committee meetings that were held in 2018 while such person served as a director. It is our policy to encourage directors to attend our Annual Meeting of Stockholders, and all of our directors attended our 2018 Annual Meeting.

#### **Executive Sessions**

Our non-employee directors frequently meet in executive session without management, and the independent directors meet separately at least once per year. Mr. Losh, as our Chair of the Board, presides over these executive sessions.

### **Communications with our Board of Directors**

If you are interested in contacting our Chair of our Board, an individual director, our Board as a group, our independent directors as a group, or a specific Board committee, you may send a communication, specifying the individual or group you wish to contact, in care of: Kenneth G. Cole, Secretary, Masco Corporation, 17450 College Parkway, Livonia, Michigan 48152.

## COMMITTEES OF OUR BOARD OF DIRECTORS

The standing committees of our Board are the Audit Committee, the Compensation Committee and the Governance Committee. These committees function pursuant to written charters adopted by our Board. The committee charters, as well as our Corporate Governance Guidelines and our Code of Ethics, are posted on our website at [www.masco.com](http://www.masco.com) and are available to you in print from our website or upon request.

### Audit Committee

5 meetings in 2018

All members are independent and financially literate

Ms. Payne and Ms. Ffolkes and Messrs. Alexander, O'Herlihy, Parfet, Plant and Stevens qualify as audit committee financial experts as defined in Item 407(d)(5)(ii) of Regulation S-K

### Audit Committee key activities in 2018:

reviewed and approved our 2017 Form 10-K

reviewed our Form 10-Qs filed in 2018

reviewed and approved our independent auditor's 2019 integrated audit plan and service fees

reviewed and approved our 2019 internal audit annual operating plan

discussed with management quarterly updates on our internal controls over financial reporting

reviewed the performance of our internal and independent auditors

reviewed with management quarterly updates on ethics hotline matters

discussed with management certain risk management matters

reviewed impact of adoption of new accounting standards

**Audit Committee responsibilities include assisting the Board in its oversight of:**

the integrity of our financial statements;

the effectiveness of our internal controls over financial reporting;

the qualifications, independence and performance of our independent auditors;

the performance of our internal audit function; and

the compliance with legal and regulatory requirements, including our employees' compliance with our Code of Ethics.

In addition, our Audit Committee reviews and discusses with management certain key financial and non-financial risks.

---

MASCO 2019 | PART I - CORPORATE GOVERNANCE

**Organization and Compensation Committee**

6 meetings in 2018

All members are independent

**Compensation Committee key activities in 2018:**

reviewed and approved the incentive compensation for 2017 paid to our executive officers

reviewed the alignment of our business strategy with the current incentive compensation structure for our executive officers

established the 2018 performance metrics and goals for our 2018 Annual Incentive Program and 2018-2020 Long Term Incentive Plan

reviewed with management a pay-for-performance analysis of our CEO's compensation as compared to our peer group

discussed with management an organization and talent update and our talent strategy, including an update on our diversity and inclusion initiative

reviewed with management our 2018 shareholder engagement activities

discussed with management the impact of tax reform legislation on executive compensation

assessed the risk of our compensation programs and policies

**Our Compensation Committee is responsible for:**

determining the compensation paid to our executive officers;

evaluating the performance of our senior executives;

determining and administering restricted stock awards and options granted under our stock incentive plan;

administering our annual and long-term performance compensation programs; and

reviewing our management succession plan, including periodically reviewing our CEO's evaluation and recommendation of potential successors.

In addition, our Compensation Committee evaluates risks arising from our compensation policies and practices, and has determined that such risks are not reasonably likely to have a material adverse effect on us. Our executive officers and other members of management report to the Compensation Committee on executive compensation programs at our business units to assess whether these programs or practices expose us to excessive risk.

## Corporate Governance and Nominating Committee

4 meetings in 2018

All members are independent

### **Governance Committee key activities in 2018:**

reviewed and evaluated the composition of the Board and committees

reviewed the results of our Board's 2018 self-evaluation

reviewed with management a report on our 2018 shareholder engagement activities

reviewed director independence

reviewed 2017 corporate and political contributions in accordance with our Political Contributions Policy

discussed with management significant governance trends

**Our Governance Committee is responsible for:**



advising our Board on the governance structure and conduct of our Board;

developing and recommending to our Board appropriate corporate governance guidelines and policies;

Board succession planning, including reviewing our Board's structure and composition and the tenure of our directors;

identifying and recommending qualified individuals for nomination and re-nomination to our Board;

recommending directors for appointment and re- appointment to Board committees; and

reviewing and recommending to the Board our director compensation.

---

**MASCO 2019 | PART I - CORPORATE GOVERNANCE**
**DIRECTOR COMPENSATION PROGRAM**

Our non-employee directors receive the following compensation for service on our Board:

Compensation Element	Amount
<b>Annual Cash Retainer</b>	\$130,000
<b>Annual Equity Retainer (a)</b>	Restricted stock with a value of \$140,000 that vests in three equal installments over three years
<b>Annual Chair of the Board Cash Retainer</b>	\$200,000
<b>Annual Committee Chair Cash Retainer (b)</b>	\$22,000 for the Audit Committee \$20,000 for the Compensation Committee \$15,000 for the Governance Committee
<b>Meeting Fee (c)</b>	None

**Stock Retention Guideline** Directors must retain at least 50% of the shares of restricted stock they receive from us until

their service as a director concludes

**Annual Equity Retainer (row a):** The restricted stock is granted under our Non-Employee Directors Equity Program.

**Annual Governance Committee Chair Cash Retainer (row b):** The Governance Committee Chair retainer is not paid if the director who chairs that committee also serves as the Chair of our Board. Currently Mr. Losh serves as both our Chair of the Board and Governance Committee Chair so he does not receive the Governance Committee Chair retainer.

**Meeting Fee (row c):** Our Board may approve the payment of meeting fees to directors serving on three or more standing committees or serving as members of a special committee constituted by our Board. No such fees were paid for 2018.

## **Other Compensation**

Our non-employee directors may also receive the following benefits, which are available to all of our employees:

Matching gifts program under which we will match up to \$5,000 of a director's contributions to eligible 501(c)(3) tax-exempt organizations each year. Non-employee directors may participate in the matching gifts program until December 31 of the year in which their services as a director ends.

Employee purchase program under which a director may obtain rebates on certain of our products purchased for their personal use.

In addition, if space is available, a director's spouse is permitted to accompany a director who travels on Company aircraft to attend Board or committee meetings.

## **Annual Review of our Director Compensation Program**

Our Governance Committee reviews our director compensation program annually, including reviewing an analysis of the competitiveness of the program, and recommends any changes to our Board. During 2018, upon the recommendation of our Governance Committee, our Board made the following changes to our director compensation program:

Increased the annual cash retainer and annual equity retainer paid to non-employee directors each by \$10,000, for a total annual retainer of \$270,000;

Increased the Compensation Committee Chair retainer by \$2,000; and

Increased the Governance Committee Chair retainer by \$3,000.

## PART I - CORPORATE GOVERNANCE | MASCO 2019

In 2016, upon the recommendation of our Governance Committee, our Board amended our Non- Employee Director Equity Program to impose a limit on the amount of equity a director may receive during a year. The Board adopted an annual limit of the greater of 25,000 shares or restricted shares with a grant date value of \$500,000 as the limit for each director.

**DIRECTOR COMPENSATION TABLE**

The following table reflects 2018 compensation paid to our directors, other than Mr. Allman, who is also a Company employee and receives no additional compensation for his service as a director.

**2018 Director Compensation**

Name	Cash Fees Earned (\$)	Restricted Stock Awards (\$) (a)	All Other Compensation (\$ (b))	Total (\$)
<b>Mark R. Alexander</b>	127,500	140,098		267,598
<b>Marie A. Ffolkes</b>	127,500	140,098	2,000	269,598
<b>J. Michael Losh</b>	327,500	140,098	5,000	472,598
<b>Richard A. Manoogian</b>	127,500	140,098		267,598
<b>Christopher A. O Herlihy</b>	127,500	140,098	5,000	272,598

**Donald R. Parfet**

147,000	140,098	5,000	292,098
---------	---------	-------	---------

**Lisa A. Payne**

149,500	140,098		289,598
---------	---------	--	---------

**John C. Plant**

127,500	140,098		267,598
---------	---------	--	---------

**Charles K. Stevens**

127,500	172,538		300,038
---------	---------	--	---------

**Reginald M. Turner**

127,500	140,098		267,598
---------	---------	--	---------

**Mary Ann Van Lokeren**

30,000			30,000
--------	--	--	--------

**Restricted Stock Awards (column a):** In May 2018, we granted 3,680 shares of restricted stock to each non-employee director, except for Ms. Van Lokeren, whose service as a director concluded in May 2018. In addition, we granted Mr. Stevens 770 shares in February 2018, when his service as a director began, as pro-rated equity compensation for the months of February through April 2018. The amounts reported in this column reflect the aggregate grant date fair value of the shares, calculated in accordance with accounting guidance. Directors realize the value of restricted stock awards over time because the vesting of awards occurs pro rata over three years, and one-half of these shares must be retained until completion of their service on our Board.

**All Other Compensation (column b):** The amounts reported in this column reflect our contributions in 2018 to eligible tax-exempt organizations under our matching gifts program, as described above, for which directors receive no direct financial benefit.

**MASCO 2019 | PART I - CORPORATE GOVERNANCE**

**Unvested Restricted Stock and Stock Options Outstanding:** The following table reports the aggregate number of shares of unvested restricted stock, and the aggregate number of stock options outstanding, held on December 31, 2018 by each director who was serving on that date. Our Board ceased granting stock options to non-employee directors in 2010; however, a portion of the stock options granted before then remained outstanding at December 31, 2018.

<b>Director</b>	<b>Unvested Restricted Stock</b>	<b>Stock Options Outstanding</b>
<b>Mark R. Alexander</b>	7,426	
<b>Marie A. Ffolkes</b>	5,870	
<b>J. Michael Losh</b>	7,426	9,117
<b>Richard A. Manoogian</b>	7,426	
<b>Christopher A. O Herlihy</b>	7,426	
<b>Donald R. Parfet</b>	7,426	
<b>Lisa A. Payne</b>	7,426	9,117
<b>John C. Plant</b>	7,426	
<b>Charles K. Stevens</b>	4,450	
<b>Reginald M. Turner</b>	7,426	

**RELATED PERSON TRANSACTIONS**

Our Board of Directors has adopted a Related Person Transaction Policy that requires our Board or a committee of independent directors to approve or ratify any transaction involving us in which any director, director nominee, executive officer, 5% beneficial owner or any of his or her immediate family members has a direct or indirect material interest.

### **Related Persons Transaction Policy**

Our policy covers:

financial transactions and arrangements, or any series of similar transactions;

indebtedness and guarantees of indebtedness; and

transactions involving employment.

Our policy excludes transactions determined by our Board not to involve a material interest of the related person, such as:

ordinary course of business transactions of \$120,000 or less;

transactions in which the related person's interest is derived from service as a director of another entity or ownership of less than 10% of another entity's stock; and

transactions in which the related person's interest is derived from service as a director, trustee or officer of a not-for-profit organization or charity that receives donations from us, which are made in accordance with our matching gifts program.

### **Assessing Related Person Transactions**

Our policy requires directors, director nominees and executive officers to provide prompt written notice to our Secretary of any related transaction so it can be reviewed by our Governance Committee. If the Governance Committee determines that the related person has a direct or indirect material interest in the transaction, it will consider all relevant information to assess whether the transaction is in, or not inconsistent with, our best interests and the best interests of our stockholders. The Governance Committee annually reviews previously-approved ongoing related transactions to determine whether the transactions should continue.

### **Related Persons Transactions for 2018**

There have been no transactions since January 1, 2018 required to be described in this proxy statement that were not subject to review, approval or ratification in accordance with this policy.

### **On-Going Related Person Transactions**

Our Governance Committee previously approved the on-going related transaction described below.

### **Transactions with Mr. Richard A. Manoogian**

In accordance with the terms of our 2009 agreement with Mr. Manoogian, who transitioned to Chairman Emeritus in 2012, we provide him with an administrative assistant and reasonable equipment and supplies for his personal use, which together aggregated approximately \$158,000 for 2018. We also charged Mr. Manoogian the incremental cost for his use of our aircraft (with prior approval from our CEO), which was approximately \$23,000 for 2018.



## MASCO 2019 | PART I - CORPORATE GOVERNANCE

### Proposal 1: Election of Class I Directors

The term of office of our Class I Directors, who are Marie A. Ffolkes, Donald R. Parfet, Lisa A. Payne and Reginald M. Turner, expires at this meeting.

Our Board proposes the re-election of Ms. Ffolkes, Ms. Payne and Messrs. Parfet and Turner to serve as Class I Directors. The term of the Class I Directors elected at this Annual Meeting will expire at the Annual Meeting of Stockholders in 2022, or when their respective successors are elected and qualified.

Our Board expects that the persons named as proxy holders on the proxy card will vote the shares represented by each proxy for the election of each director nominee unless a contrary direction is given. If, prior to the meeting, a nominee is unable or unwilling to serve as a director, which our Board does not expect, the proxy holders may vote for an alternate nominee recommended by our Board, or our Board may reduce its size.

Information regarding each of our director nominees can be found above in [Director Nominees for Class I](#).

**Our Board recommends a vote FOR the election to our Board of Directors of each of the following Class I Director nominees:**

Name	Age	Director Since	Occupation
Marie A. Ffolkes	46	2017	President, Industrial Gases, Americas of Air Products & Chemicals, Inc., since 2015
Donald R. Parfet	66	2012	Managing Director, Apjohn Group, LLC, a business development company, since 2000  General Partner, Apjohn Ventures Fund, Limited Partnership, a venture capital fund, since 2003
Lisa A. Payne	60	2006	Former Vice Chairman and Chief Financial Officer of Taubman Centers, Inc., a real estate

investment trust

Reginald M. Turner 59 2015 Attorney and Member, Clark Hill PLC, a Detroit, Michigan-based law firm, since April 2000, and currently serves on its Executive Committee

The affirmative vote of a majority of the votes cast by shares entitled to vote is required for the election of directors. Abstentions and broker non-votes are not counted as votes cast, and therefore do not affect the outcome of the election.

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

### Compensation Discussion and Analysis Summary

Our executive compensation programs are designed to promote the long-term interests of our stockholders by attracting and retaining talented executives and motivating them to achieve our strategic business objectives and to drive stockholder value. We believe that our financial performance and the creation of long-term stockholder value should impact a significant portion of our executive officers' compensation. Our Compensation Committee oversees our compensation programs and the compensation paid to our executive officers.

#### HOW OUR 2018 FINANCIAL PERFORMANCE IMPACTED OUR EXECUTIVE OFFICERS' COMPENSATION

We delivered solid sales and operating profit growth in 2018. Our reported annual sales increased 9% to \$8.4 billion and our annual operating profit increased 1% to \$1.2 billion. Our operating profit margin decreased to 14.5% from 15.6% due to significant headwinds from increased commodity and logistics costs, Enterprise Resource Planning System costs, and a purchase accounting adjustment related to our acquisition of Kichler Lighting. Based on our financial performance in 2018, our executive officers earned incentive compensation under our performance-based compensation programs, which include:

An annual performance program under which we pay cash bonuses and grant restricted stock to our executive officers if we meet annual performance goals; and

A Long Term Cash Incentive Program ( LTCIP ) under which we make cash awards to our executive officers if we meet performance goals over a three-year period.

The following tables reflect our target goals for our 2018 annual performance program and our 2016-2018 LTCIP and our performance relative to those goals. For our annual performance program, we exceeded the target for our working capital as a percent of sales goal, but we did not achieve our target operating profit goal, which reduced the payout to our executive officers.

#### 2018 ANNUAL PERFORMANCE PROGRAM

Performance Metric	Target	Performance (as adjusted)	Weighted Performance Percentage
-----------------------	--------	------------------------------	---------------------------------------

<b>Operating Profit (in millions)</b>	\$1,300	\$1,272	
<b>Working Capital as a Percent of Sales</b>	15.3%	15.1%	89%

**2016-2018 LTCIP**

<b>Performance Metric</b>	<b>Target</b>	<b>Performance (as adjusted)</b>	<b>Performance Percentage</b>
<b>Return on Invested Capital</b>	12.0%	15.0%	160%

See [Our 2018 Annual Performance Program](#) and [Our Long-Term Incentive Program](#) below for a description of our calculation of operating profit, working capital as a percent of sales and ROIC performance.

## MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS

## Compensation Discussion and Analysis Summary

Based on this performance, we paid the following compensation to our executive officers under our 2018 annual performance program and 2016-2018 LTCIP:

Name	2016-2018			Total (\$)
	Cash Bonus (\$)	Restricted Stock Award (\$)	LTCIP Cash Award (\$)	
<b>Keith J. Allman</b>	1,603,600	1,781,683	2,640,000	6,025,283
<b>John G. Sznewajs</b>	469,700	469,574	772,800	1,712,074
<b>Richard A. O Reagan</b>	368,000	367,987	556,200	1,292,187
<b>Jai Shah</b>	410,700	410,611	407,100	1,228,411
<b>Kenneth G. Cole</b>	270,300	270,307	431,600	972,207

Mr. Shah served as the General Manager of one of our business units until he was promoted to Group President in November 2018. His cash bonus and restricted stock award were determined using a prorated

performance percentage of 104%, which is based on the performance of that business unit and our corporate performance in 2018.

#### **OTHER PERFORMANCE COMPENSATION WE PAID IN 2018**

We grant stock options annually to our executive officers to align their long-term interests with those of our stockholders by reinforcing the goal of long-term share price appreciation. These stock options will provide value to our executive officers only if the price of our common stock increases above the option exercise price. In 2018, our Compensation Committee awarded to our executive officers the following stock options that vest ratably over five years:

<b>Name</b>	<b>Stock Options Awarded (#)</b>	<b>Option Exercise Price (\$ per share)</b>	<b>Value of Stock Options Awarded (\$)</b>
<b>Keith J. Allman</b>	166,830	42.13	2,087,694
<b>John G. Sznewajs</b>	45,830	42.13	573,512
<b>Richard A. O Reagan</b>	32,820	42.13	410,706
<b>Jai Shah</b>	22,490	42.13	281,438
<b>Kenneth G. Cole</b>	24,110	42.13	301,710

The value of the stock options awarded is the aggregate grant date fair value of stock options, calculated in accordance with accounting guidance.



## Compensation Discussion and Analysis Summary

### OUR EXECUTIVE OFFICERS' PERFORMANCE-BASED TARGET COMPENSATION

Our target compensation mix for our CEO and our other executive officers reflects our emphasis on long-term, performance-based compensation that incentivizes our executive officers to make strategic decisions that will strengthen our business and create long-term value for our stockholders. In 2018, 87% of our CEO's target compensation and 74% of our other executive officers' target compensation was performance-based, as shown in the graphs below.

### OUR COMPENSATION PROGRAM HIGHLIGHTS

Our compensation practices include:

- ii **Long-Term Incentives** - Our compensation programs are weighted toward long-term incentives. We give approximately equal weight to performance-based restricted stock, stock options and our three-year incentive program. In 2017, we modified our three-year incentive program by replacing the cash award with performance-based restricted stock units ( PRSUs ).
- ii **Five-Year Vesting for Equity Awards** - Our performance-based restricted stock and stock option awards vest over five years, which is longer than typical market practice.
- ii **Long-Term Performance Program** - A significant portion of our executive officers' compensation opportunity is based on the achievement of a three-year performance goal.



- ii **Capped Awards** - Our annual and long-term incentive compensation plan payouts are limited to 200% of the target opportunity.
  
- ii **Clawback Policy** - If we restate our financial statements, other than as a result of changes to accounting rules or regulations, our clawback policy allows us to recover incentive compensation paid to our executives in the three-year period prior to the restatement, regardless of whether misconduct caused the restatement.
  
- ii **Stock Ownership Requirements** - We have minimum stock ownership requirements for our executive officers, including requiring our CEO to own stock valued at six times his base salary. As of December 31, 2018, each of our executive officers met his or her stock ownership requirement.

---

MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS

Compensation Discussion and Analysis Summary

ü **Double-Trigger Vesting** - We have double-trigger vesting of equity on a change in control.

ü **Tally Sheets and Risk Analysis** - Our Compensation Committee uses tally sheets and analyzes risk in setting executive compensation.

ü **Competitive Analysis** - On an annual basis, our Compensation Committee reviews a market analysis of executive compensation paid by our peer companies and published survey data for comparably-sized companies.

ü **Limited Perquisites** - We provide limited perquisites to our executive officers.

**Our compensation practices do not include:**

**Excise Tax Gross-Ups** - We eliminated the excise tax gross-up feature on all of the equity grants made since 2012.

**Hedging or Pledging** - Our policy prohibits executives and directors from hedging our stock and from making future pledges of our stock.

**Contractual Termination Arrangements** - We have no change in control agreements, contractual severance agreements or employment agreements providing for severance payments with our executive officers.

**Option Repricing** - Our equity plan prohibits the repricing of options without stockholder approval.

## **STOCKHOLDER ENGAGEMENT**

At our 2018 Annual Meeting, 98% of the votes cast on our say-on-pay proposal approved the compensation we paid to our executive officers. Although the say-on-pay vote is advisory and non-binding, our Compensation Committee believes this approval percentage indicates strong support for our continued efforts to enhance our pay-for-performance practices, and our Compensation Committee concluded that our stockholders endorse our current executive compensation programs and policies.

In 2018, we continued our robust stockholder engagement program and requested the opportunity to engage with stockholders holding approximately 50% of our outstanding shares. We ultimately engaged with stockholders representing 20% of our outstanding shares. We received positive feedback from the stockholders with whom we spoke regarding the structure of our compensation programs and practices, which was reflective of the strong support we received for our say-on-pay proposal over the past years. We provide reports on the stockholder feedback we receive to our Compensation Committee and Governance Committee.

---

PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

## COMPENSATION DECISIONS IN 2018

### Our 2018 Financial Performance

We delivered solid financial results in 2018. Our reported sales for the full year increased 9% to \$8.4 billion and we increased our operating profit for the full year 1% to \$1.2 billion. Our sales growth was driven by our recent acquisitions of Kichler Lighting in March 2018 and Mercury Plastics in December 2017, strong consumer demand due to increased repair and remodel activity and new home construction in the U.S. and net selling price increases. Our operating profit grew despite the rising price of raw materials and logistics costs, Enterprise Resource Planning System costs and a purchase accounting adjustment related to our acquisition of Kichler Lighting, demonstrating our ability to manage our costs.

In addition to delivering sales and operating profit growth, we continued to execute on our capital allocation strategy. In 2018 we returned value to our stockholders by repurchasing \$654 million in shares of our stock and increasing our annual dividend for the fifth year in a row. In addition, we deployed \$549 million to complete the acquisition of Kichler Lighting.

### How We Performed Against our Performance Compensation Goals

Our 2018 annual performance program was based on operating profit and working capital as a percent of sales metrics. We exceeded the working capital as a percent of sales goal for this program, but we did not achieve the operating profit target, which resulted in an overall performance percentage of 89%. As a result, consistent with our commitment to pay-for-performance, our executive officers earned cash bonuses and restricted stock awards based on this achievement (see Our 2018 Annual Performance Program below).

Our LTCIP for the three-year performance period of 2016 to 2018 was based on a return on invested capital ( ROIC ) metric, and we improved our ROIC over the three-year period. Our adjusted ROIC in 2016, 2017 and 2018 was 14.0%, 15.3% and 15.8% respectively, for an average adjusted ROIC of 15.0% over the three-year performance period. This level of performance exceeded the target ROIC goal for this program, and we achieved a performance percentage of 160% (see Our Long-Term Incentive Program below).

### Our 2018 Annual Performance Program

#### Program Opportunities

We provide annual performance-based cash bonus and restricted stock opportunities to our executive officers to emphasize achievement of rigorous annual performance goals, provide incentive to achieve our strategic business objectives, and align our executive officers' interests with those of our stockholders.

Our Compensation Committee establishes the cash bonus and restricted stock opportunities available to each executive officer as a percent of the officer's annual base salary. Under our annual performance program, if the threshold goal is not achieved, our executive officers do not earn a payout. If the maximum goal is exceeded, the payout percentage is capped at 200% of the target opportunity.



**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

Our executive officers had the following target opportunities in 2018 under our annual performance program:

	Target Opportunity for Cash Bonus as a % of Annual Base Salary	Target Opportunity for Restricted Stock Award as a % of Annual Base Salary
<b>Keith J. Allman</b>	150%	167%
<b>John G. Sznewajs</b>	75%	75%
<b>Richard A. O Reagan</b>	75%	75%
<b>Jai Shah</b>	75%	75%
<b>Kenneth G. Cole</b>	65%	65%

In 2018, our Compensation Committee increased Mr. Allman's restricted stock award target opportunity from 150% to 167% of his annual base salary. In making this decision, our Compensation Committee took into consideration a number of factors, including our strong earnings growth, ROIC and total shareholder return relative to our peers as well as Mr. Allman's overall pay positioning. Our Compensation Committee determined to increase Mr. Allman's target equity compensation opportunity to ensure his long-term interests with those of our shareholders. Neither Mr. Allman's annual base salary or cash bonus opportunity increased in 2018.

### Performance Metrics

Our Compensation Committee selected operating profit and working capital as a percent of sales metrics for our annual 2018 performance program because it believed that improvement in these metrics would continue to reinforce our executive officers' focus on long-term growth and capital efficiency and drive stockholder value. These metrics are easily derived from our audited financial statements, which our Compensation Committee believes provides transparency both for our stockholders (as requested from stockholders when we sought feedback) and our executive officers. Our Compensation Committee gave a 75% weighting to the operating profit metric and a 25% weighting to the working capital as a percent of sales metric.

### Program Targets and Achievement

In setting our performance targets, our Compensation Committee reviews our operating profit forecast for the year, taking into account general economic and industry conditions. In establishing the 2018 performance targets, it was expected there would be continued improvement in the overall economy, that consumer spending for both large and small home improvement projects and housing starts would increase in 2018 and that there would be improved performance from all of our businesses. Our Compensation Committee also expected that we would incur increasing expenses related to commodity inflation, freight and logistics.

In 2018, we achieved 72% of our operating profit target and 140% of our working capital as a percent of sales target. After weighting the operating profit metric at 75% and the working capital as a percent of sales metric at 25%, our performance percentage for the 2018 annual performance program was 89% of target.

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

To calculate achievement of our operating profit performance target, we adjusted our 2018 reported operating profit from continuing operations of \$1,211 million to exclude the effects of expense recognized due a purchase accounting adjustment related to our acquisition of Kichler Lighting (\$40 million), rationalization charges (\$14 million) and other unusual non-recurring net gains and losses (\$7 million). Our operating profit for purposes of the annual performance program was \$1,272 million.

To determine achievement of our working capital as a percent of sales performance target, we define working capital as a percent of sales as a twelve-month average of our reported accounts receivable and inventories, less accounts payable, divided by our reported sales for the year. For 2018, our working capital as a percent of sales was 15.1%.

#### Compensation Paid Under the 2018 Program

We calculated the actual cash bonuses to be paid and restricted stock award values to be granted to our executive officers under the 2018 annual performance program by multiplying the target opportunities for each executive officer, by the 89% performance percentage (except for Mr. Shah; see note below) and multiplying that result by each executive officer's base salary as of December 31, 2018, as follows:

Name	Target Performance Opportunity	Performance Percentage	Base Salary (\$)	Cash Bonus (\$)	Restricted Stock Award Value (\$)	Total 2018 Annual Compensation (\$)
Keith J. Allman	150% ×	89%	\$2,201,200	1,603,600	1,603,600	1,603,600
(cash bonus)						
Keith J. Allman	167% ×	89%	\$2,201,200		1,781,683	1,781,683
(restricted stock award)						





**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

**Performance Percentage (column a):** Mr. Shah served as the General Manager of one of our business units until he was promoted to Group President in November 2018. His cash bonus and restricted stock award were determined using a prorated performance percentage of 104%, which is based on the performance of that business unit in 2018.

**Value of Restricted Stock Award (column b):** The number of shares of restricted stock granted is determined by dividing the value of the restricted stock award by the closing price of our common stock on the grant date and rounding to the nearest ten shares. The amount reflected in this column is the value of the shares of restricted stock granted. These restricted stock awards vest on a pro-rata basis over five years following the grant date, so our executive officers do not realize the value of these stock awards until they vest.

**Our Long-Term Incentive Program****Program Opportunities**

In 2012, our Compensation Committee established a long-term incentive program to provide a meaningful incentive for our executive officers to achieve long-term growth and profitability. Under our 2016-2018 LTCIP, our executive officers had the opportunity to earn a performance award in cash based on our achievement of a performance goal over the three-year period. Under our long-term incentive program, if the threshold goal is not achieved, our executive officers do not earn a payout. If the maximum goal is exceeded, the payout percentage is capped at 200% of the target opportunity.

Our Compensation Committee established the long-term incentive program opportunity available to each executive officer as a percent of the executive officer's annual base salary at the beginning of each three-year performance period. Our executive officers had the following LTCIP target opportunities under the 2016-2018 LTCIP:

Name	Target Opportunity Under 2016-2018 LTCIP as a % of Annual Base Salary
<b>Keith J. Allman</b>	150%
<b>John G. Sznewajs</b>	75%
<b>Richard A. O Reagan</b>	75%
<b>Jai Shah</b>	65%

**Kenneth G. Cole**

65%

In 2017, to further align our executives' compensation with the interests of our stockholders, our Compensation Committee modified our long-term incentive program by replacing the cash award with performance-based restricted stock units ( PRSUs ). Beginning in 2017, PRSUs have been granted to our executive officers at the beginning of each three-year performance period under the Long-Term Incentive Program ( LTIP ). The grant of PRSUs may entitle our executive officers to receive shares of our stock based on achieving a performance goal over a three-year period. For 2018, our executive officers continued to have the opportunity to receive a performance award in cash in connection with the 2016-2018 LTCIP performance period.

#### Performance Metric

Our Compensation Committee chose the ROIC performance metric because ROIC reinforces our executive officers' focus on capital efficiency and consistent return on capital and helps ensure our executive officers are encouraged to make new, profitable investments. Additionally, our stockholders continue to provide us feedback that ROIC is a measure of importance to them in their assessment of our long-term stockholder value.

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

Program Targets and Achievement

Our Compensation Committee established the following ROIC goals and corresponding payout percentages for the 2016-2018 LTCIP performance period and the 2017-2019 and 2018-2020 LTIP performance periods. These performance goals are consistent with our long-range business plan and require a high level of performance to achieve:

	Three-Year Average ROIC		
	Threshold (40% Payout)	Target (100% Payout)	Maximum (200% Payout)
<b>2016-2018 LTCIP Performance Period</b>	9.0%	12.0%	17.0%
<b>2017-2019 LTIP Performance Period</b>	11.0%	14.0%	19.0%
<b>2018-2020 LTIP Performance Period</b>	16.0%	17.5%	20.0%

From 2016 to 2018, we improved our ROIC through our improved operating profit performance, cost reductions and market share gains. As a result, we achieved adjusted ROIC of 15.8% in 2018. Under the LTCIP, we use the annual ROIC performance averaged over a three-year period to determine the award amount. Our average adjusted ROIC was 15.0% for the 2016-2018 performance period (as noted in the box below), resulting in a performance percentage of 160%.

Under the LTCIP, we define ROIC as after-tax operating profit from continuing operations adjusted to exclude the effect of special charges and certain other non-recurring income and expenses, divided by adjusted invested capital. Adjusted invested capital includes shareholders' equity, which we adjust to add back the cumulative after-tax impact of goodwill and intangible asset impairment charges and to exclude the impact of certain non-operating income and expenses and the effects of special charges, plus short-term and long-term debt minus cash. For the calculation of ROIC for the 2016-2018 performance period under the LTCIP, cash was adjusted for the cash outflow related to the Kichler Lighting and Mercury Plastics acquisitions, as these acquisitions were not anticipated at the time the ROIC goals were established. Our Compensation Committee believes that these adjustments are important to reflect our actual investment at the time we invested in our current businesses. The following shows our ROIC in 2016, 2017 and

2018 taking these adjustments into account:

	ROIC As Reported	ROIC As Adjusted Under LTCIP
<b>2016</b>	40.1%	14.0%
<b>2017</b>	42.1%	15.3%
<b>2018</b>	35.9%	15.8%
<b>2016-2018 Three-Year Average</b>		15.0%

**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS****Compensation Paid Under the 2016-2018 LTCIP**

The following table reflects the cash awards paid to our executive officers under the 2016-2018 LTCIP. We calculated the award amount by multiplying the target opportunity for each executive officer by 160%, the performance percentage achieved, and multiplying the result by each executive officer's base salary in 2016.

Name	Target Opportunity		Payout Percentage		Base Salary in 2016 (\$)		2016 - 2018 LTCIP
							Cash Award (\$)
<b>Keith J. Allman</b>	150%	×	160%	×	1,100,000	=	2,640,000
<b>John G. Sznewajs</b>	75%	×	160%	×	644,000	=	772,800
<b>Richard A. O Reagan</b>	75%	×	160%	×	463,500	=	556,200
<b>Jai Shah</b>	65%	×	160%	×	391,400	=	407,100
<b>Kenneth G. Cole</b>	65%	×	160%	×	415,000	=	431,600

**PRSUs Granted Under the 2018-2020 LTIP**

The following table reflects the PRSUs granted to our executive officers under the 2018-2020 LTIP. The amounts reflected in the PRSU Grant column are based upon the number of PRSUs granted on March 21, 2018, which we valued at \$41.55 per share, the closing price of our stock on the day of the grant, and assuming the target award would be earned at the end of the three-year performance period under our LTIP. The actual number of shares of stock awarded, if any, will be determined after the three-year performance period concludes on December 31, 2020.

Name	Target Opportunity	Base Salary as of 3/21/2018 (\$)	Stock Price on 3/21/2018 (\$)	2018 - 2020 LTIP
				PRSU Grant (#)

<b>Keith J. Allman</b>	167%	×	1,201,200	÷	41.55	=	48,180
<b>John G. Sznewajs</b>	75%	×	683,200	÷	41.55	=	12,330
<b>Richard A. O Reagan</b>	75%	×	525,000	÷	41.55	=	9,480
<b>Jai Shah</b>	65%	×	415,200	÷	41.55	=	6,500
<b>Kenneth G. Cole</b>	65%	×	445,000	÷	41.55	=	6,960

In 2018, our Compensation Committee increased Mr. Allman's target opportunity under our LTIP from 150% to 167% of his annual base salary. In making this decision, our Compensation Committee took into consideration a number of factors, including our strong earnings growth, ROIC and total shareholder return relative to our peers as well as Mr. Allman's overall pay positioning. Our Compensation Committee determined to increase Mr. Allman's target equity compensation opportunity to ensure his long-term interests with those of our shareholders. Neither Mr. Allman's annual base salary or cash bonus opportunity increased in 2018.

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

**Stock Options Granted in 2018**

We grant stock options annually to our executive officers. The value of the stock option grants approximates the equity target opportunity for each executive officer with respect to our annual performance program. Our Compensation Committee believes that stock options are an important component of our executive compensation program because they align our executive officers' long-term interests with those of our stockholders by reinforcing the goal of long-term share price appreciation. In 2018, our Compensation Committee awarded to our executive officers the following stock options that vest ratably over five years:

Name	Stock Options	Option Exercise Price (\$)	Value of Stock Options Awarded (\$)
	Awarded (#)		(a)
<b>Keith J. Allman</b>	166,830	42.13	2,087,694
<b>John G. Szniewajs</b>	45,830	42.13	573,512
<b>Richard A. O Reagan</b>	32,820	42.13	410,706
<b>Jai Shah</b>	22,490	42.13	281,438
<b>Kenneth G. Cole</b>	24,110	42.13	301,710

Value of Stock Options Awarded (column a): The value of stock options awarded is the aggregate grant date fair value of the stock options awarded, calculated in accordance with accounting guidance.

**Other Components of our Executive Compensation Program****Base Salary**

We pay our executive officers a base salary to provide each of them with a minimum, base level of cash compensation. In determining the base salary adjustments for our executive officers, our Compensation Committee conducts a review with our CEO of the performance and contributions of our executive officers in the prior year;



considers market survey data in published executive compensation surveys for companies with annual revenues similar to ours and significant changes in the scope and complexity of the executive officer's role; and receives input from Semler Brossy.

Based on our Compensation Committee's review and analysis, our Compensation Committee approved the following base salary increases in 2018:

Name	Previous Base Salary (\$)	Salary Increase Percentage	Current Base Salary (\$)
<b>John G. Szniewajs</b>	683,200	3%	703,700
<b>Richard A. O'Reagan</b>	525,000	5%	551,300
<b>Kenneth G. Cole</b>	445,000	5%	467,300

In connection with his promotion to Group President in November 2018, the Compensation Committee established Mr. Shah's base salary at \$525,000.

**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

**Perquisites and Other Compensation**

We offer a limited number of perquisites to our executive officers, as follows:

Personal use of our Company aircraft, which we maintain for business purposes. Our Compensation Committee has evaluated our policies and valuation practices for personal use of these aircraft, and our Board has requested that our CEO use our aircraft for both business and personal travel, with personal travel subject to prior approval by the Chair of our Board. We may occasionally permit other executive officers to use our aircraft for personal travel.

An estate and financial planning program to assist in financial planning and tax preparation. This program provides up to \$10,000 per year.

Relocation benefits, which may include reimbursement for certain moving and temporary living expenses and incidental costs, and travel allowances.

**Retirement Programs**

We maintain the following defined contribution retirement plans for all of our employees, including our executive officers:

401(k) Savings Plan: Our 401(k) Savings Plan is a tax-qualified plan that includes a matching and profit sharing component, if applicable.

Benefits Restoration Plan ( BRP ): Our BRP enables all of our highly-compensated employees to obtain the full financial benefit of the 401(k) Savings Plan, notwithstanding various limitations imposed on the plans under the Internal Revenue Code (the Code ).

Our executive officers may also be entitled to receive benefits under the following frozen defined benefit plans:

Masco Corporation Pension Plan;

BRP applicable to the Masco Corporation Pension Plan; and

Supplemental Executive Retirement Plan ( SERP ): Mr. Szniewajs is the only current executive officer eligible to receive benefits under the SERP.

In 2010, we froze accruals in all of these defined benefit plans, as well as in all of our other defined benefit plans offered to our U.S. employees. Consequently, the pension benefits ultimately payable to executive officers are essentially fixed, although Mr. Szniewaj's vesting in the frozen accrued SERP benefit has continued. Mr. Szniewaj will not be fully vested in his frozen SERP benefit unless he continues to be employed with us until he is age 55, or we experience a change in control (see "Payment Upon a Change in Control" below).

## **OUR EXECUTIVE COMPENSATION PROGRAM HIGHLIGHTS**

### **We Provide Long-Term Equity Incentives**

We believe that having a significant ownership interest in our stock is critical to aligning the interests of our executive officers with the long-term interests of our stockholders. Accordingly, restricted stock awards and stock options are important components of our executive officers' compensation. Our equity awards are priced based on the closing price on the date of grant, unless the grant date occurs within ten days prior to the release of our financial results. In that event, the grant is effective at the end of the first trading day after the release of the results and priced based on the closing price of our common stock on that date. Our restricted stock awards and stock options vest in 20% installments over five years. Five-year vesting defers

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

the executives' realization of the full benefit of equity-based compensation for a substantial period of time and is longer than typical market practice. The value our executive officers ultimately realize from equity awards depends on the long-term performance of our common stock. Further, upon retirement, equity awards generally continue to vest in accordance with the remaining vesting period. Our executive officers understand that our performance will continue to impact them financially even after they retire, thereby reinforcing their focus on the long-term enhancement of stockholder value.

### **We Have a Long-Term Incentive Program**

Through our stockholder engagement we learned that our stockholders strongly support a performance compensation program that measures performance over several years. Based on this feedback, in 2012, we implemented our long-term incentive program, which measures performance over a three-year period. For the 2018-2020 performance period we are measuring performance based on ROIC. As a result, a significant portion of our executive officers' compensation opportunity is based on the achievement of a three-year performance goal.

In 2017, to further align our executives' compensation with the interests of our stockholders, our Compensation Committee modified our long-term incentive program by replacing the cash award with PRSUs. Beginning in 2017, PRSUs are granted to our executive officers at the beginning of each three-year performance period under the LTIP. The grant of PRSUs may entitle our executive officers to receive shares of our stock if we achieve a performance goal over a three-year period. For 2018, our executive officers continued to have the opportunity to receive a performance award in cash in connection with the 2016-2018 LTCIP performance period.

### **We Can Clawback Incentive Compensation**

If we restate our financial statements, other than as a result of changes to accounting rules or regulations, our Compensation Committee may recover from our executives' incentive compensation that was paid or granted in the three-year period prior to the restatement, regardless of whether misconduct caused the restatement.

### **We Require Minimum Levels of Stock Ownership by our Executives**

We require minimum stock ownership for our executive officers to further reinforce the alignment of their long-term financial interests with the interests of our stockholders. This requirement ensures that our executive officers maintain a substantial investment in our common stock and that a meaningful amount of each executive officer's personal net worth is invested in our Company. Our executive officers are required to achieve the stock ownership necessary to meet the stock ownership requirements within three years of becoming subject to them.

Our Compensation Committee reviews our executive officers' ownership of our common stock annually to ensure compliance with our stock ownership guidelines. Our executive officers' direct stock holdings and unvested restricted stock awards (but not unvested PRSUs) are counted toward satisfaction of the guidelines. As of December 31, 2018, when the closing price of our common stock was \$29.24, each of our executive officers met the stock ownership requirement.



## MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS

Name	Minimum Stock Ownership Requirements		Actual Ownership	
	Multiple of Base Salary	Multiple Expressed in Dollars as of 12/31/2018 (\$)	Multiple of Base Salary	Value of Shares Held by Executive as of 12/31/2018 (\$)
<b>Keith J. Allman</b>	6	7,207,200	8.9	10,704,150
<b>John G. Sznwajs</b>	3	2,111,100	9.5	6,668,474
<b>Richard A. O Reagan</b>	2	1,102,600	3.3	1,796,593
<b>Jai Shah</b>	2	1,050,000	2.6	1,347,789
<b>Kenneth G. Cole</b>	2	934,600	5.2	2,439,873

**We Adopted Double-Trigger Change of Control Provisions for our Equity Awards**

The terms of our unvested equity awards provide that the awards will vest only if there is both a change in control of our Company and the recipient of the award is terminated from employment at the time of the change in control or within two years after the change in control, or terminates employment for good reason (for example, if his or her job duties have been significantly diminished), or if the recipient's awards are not replaced with comparable awards by the acquiring company.

**Our Compensation Committee Oversees an Annual Compensation Risk Evaluation**

Our Compensation Committee annually oversees a risk assessment of our compensation programs, including our executive compensation programs, focusing on the components of our compensation programs and analyzing whether those components present undue risk to us. In 2018, our Compensation Committee reviewed the risk assessment process to assure it reflects current best practices. As a result of this review, the risk assessment incorporates consideration of our material business risks and their potential impact on our compensation programs. The

Compensation Committee has concluded that our programs do not encourage excessive risk taking. While the compensation program is designed to balance short- and long-term rewards, the largest portion of the compensation opportunity for our executive officers is through equity-based long-term incentives. Executive officers are also required to own a substantial amount of our stock to further encourage a long-term perspective. Our annual cash bonus and stock award programs, LTCIP and LTIP have established maximum payout opportunities in line with competitive practice.

### **The Structure of our Compensation Programs Encourages Executive Retention and Protects Us**

We believe several features of our compensation programs, including the terms and conditions of our equity plan, improve our retention of our executive officers and also reduce the potential that executive officers might engage in post-termination conduct that would be harmful to us. Our executive officers generally forfeit unvested awards of restricted stock, stock options and PRSUs when their employment terminates prior to retirement. Additionally, executive officers may only exercise vested options for a limited period of time following termination. The terms of our awards prohibit our executive officers from competing with us for one year after termination. If an executive officer violates this restriction, we can recover the gain the executive officer realized from awards that vested within two years prior to termination.

### **We Prohibit Excise Tax Gross-Up Payments**

Our Board has adopted a policy prohibiting excise tax gross-up payments, except for such payments committed to in equity awards and frozen SERP agreements entered into prior to 2012. Specifically, equity awards made in 2012 and thereafter are not included for purposes of determining future excise tax gross-up

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

payments. With the exception of tax equalization gross-up payments made to employees in connection with reimbursement of relocation or foreign expatriate expenses incurred at our request, we do not provide any other tax gross-up payments.

### **We Prohibit Hedging and Pledging**

Our anti-hedging and anti-pledging policy prohibits our executive officers and our directors from engaging in any hedging transactions (including transactions involving options, puts, calls, prepaid variable forward contracts, equity swaps, collars and exchange funds or other derivatives) that are designed to hedge or speculate on any change in the market value of our equity or debt securities. Additionally, our executive officers and directors are prohibited from making any future purchases of our securities on margin or from pledging our securities as collateral for a loan, unless the arrangement is preapproved by our Governance Committee for any executive or by our Board for any director.

### **We Do Not Have Contractual Termination Arrangements**

Our executive officers do not have employment contracts and are at-will employees who may be terminated at our discretion. We believe this preserves greater flexibility in our employment arrangements with our executive officers. Our executive officers also do not have change in control or severance contracts, although we have, from time to time, entered into severance arrangements with departing executive officers. For further discussion regarding change in control, see [Payment Upon Change In Control](#) below.

## **OUR ANNUAL COMPENSATION REVIEW PROCESS**

We review and make decisions regarding the amount of eligible annual performance-based restricted stock awards, cash bonus payments and stock option grants in the first quarter of the year. We believe that determining these elements of compensation together at the beginning of the year gives us a better foundation for establishing our performance criteria and opportunity levels for the current year. This practice also better enables our Compensation Committee to determine our executive officers' appropriate compensation mix and to align compensation with ongoing talent review and development in conjunction with our annual management talent review and development process.

### **Annual Management Talent Review and Development Process**

Our annual management talent review and development process is used by our Compensation Committee and our CEO in making compensation decisions and for succession planning purposes. As part of this process, our CEO provides our Compensation Committee with an assessment of each executive who reports to him. The assessment includes an evaluation of each executive's performance, development, progress and potential for advancement, and considers market demand for the executive's skill set. Our Compensation Committee also receives information, analyses and recommendations from our Vice President, Chief Human Resource Officer. While our Compensation Committee gives significant weight to the evaluations by our CEO, the final determination of compensation to be paid to our executive officers, including our CEO, rests solely with our Compensation Committee.

### **Compensation Data Considered by our Compensation Committee**

#### **Tally Sheets**



Our Compensation Committee reviews a tally sheet that summarizes the various components of total compensation for our executive officers and other members of management. The tally sheet includes base salary, annual performance-based restricted stock and cash bonus, LTCIP awards, stock options,

**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

dividends on unvested shares of restricted stock, and our costs for the foregoing and for perquisites and other benefits, including the annual costs under retirement plans. The tally sheet allows our Compensation Committee to compare an executive officer's compensation with the compensation of our other executive officers as part of its consideration of internal and external pay equity. Amounts actually realized by an executive officer from prior equity grants are not necessarily a factor in establishing current compensation, although the current value of outstanding equity awards may be considered by our Compensation Committee when assessing pay equity.

**Market Data**

Our Compensation Committee also reviews compensation for each of our executive officers with compensation information disclosed in the proxy statements of our peer group and with AonHewitt's and Willis Towers Watson's published compensation surveys for companies with annual revenues between \$5 and \$10 billion. When we achieve targeted levels of performance, our executive compensation program seeks to provide total target compensation (base salary, target annual bonus and the target value of long-term incentives) at approximately the median compensation level provided to executives in comparable positions at these companies. While our Compensation Committee generally targets total compensation for each executive officer at the median, it considers other factors, such as performance, the officer's roles and responsibilities and the length of time the officer has served in the current position. Our Compensation Committee also reviews actual compensation paid as reported in published surveys and by our peer group to help inform individual pay decisions. We believe understanding market data allows us to attract and retain the talent we need while enabling us to manage our compensation expense.

The following table shows how our current executive officers' target compensation and actual compensation in 2018 compared to market data published in 2018. Actual compensation is defined as the sum of base salary, actual cash bonuses paid under our annual program and under our LTCIP, and the grant date fair value of restricted stock awards and stock options.

Comparison to Market Compensation		
Executive Officer	2018 Target Compensation	2018 Actual Compensation
<b>Keith J. Allman</b> President and Chief Executive Officer	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile

<b>John G. Szniewajs</b>	Between the 50 <sup>th</sup> and 75 <sup>th</sup>	Between the 50 <sup>th</sup> and 75 <sup>th</sup>
Vice President, Chief Financial Officer	percentile	percentile

<b>Richard A. O Reagan</b>	Approximately 50 <sup>th</sup> percentile	Approximately 50 <sup>th</sup> percentile
Group President		

<b>Jai Shah</b>	Between the 25 <sup>th</sup> and 50 <sup>th</sup>	Between the 25 <sup>th</sup> and 50 <sup>th</sup>
Group President	percentile	percentile

<b>Kenneth G. Cole</b>	Approximately 50 <sup>th</sup> percentile	Approximately 50 <sup>th</sup> percentile
Vice President, General Counsel and Secretary		

**Pay-for-Performance Alignment**

Finally, our Compensation Committee reviews the overall pay-for-performance alignment of our CEO's compensation compared to our peer group over one-year and three-year periods. During 2018, our Compensation Committee reviewed data showing that our total stockholder return was at the 94th percentile of our peers and at the 93rd percentile of the S&P 500 for the three-year period ended December 31, 2017. While our CEO's target compensation approximated the median of our peer group during this three-year period, our CEO's realizable compensation was at the 52nd percentile of our peer

## PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

group. We define realizable compensation as the sum of salary, actual cash bonus, the target value of long-term cash incentives, and the value of restricted stock awards and stock options based on our stock price as of December 31, 2017.

### Our Peer Group

Given the many and diverse businesses in which we operate, composition of an appropriate peer group is challenging, as historically there have been few companies providing a mix of products similar to ours. Our Compensation Committee annually considers the composition of our peer group and believes that our current peer group listed below reflects the companies with whom we compete for executive talent and that have a range of annual revenues and business and operational characteristics similar to ours.

Current Peer Group of Companies	
Dover Corporation	Owens Corning
Fortive Corp.	Parker-Hannifin Corporation
Fortune Brands Home & Security, Inc.	Pentair plc
Illinois Tool Works Inc.	PPG Industries, Inc.
Ingersoll-Rand plc	RPM International Inc.
JELD-WEN Holding, Inc.	Stanley Black & Decker, Inc.
Mohawk Industries, Inc.	The Sherwin-Williams Company
Newell Rubbermaid Inc.	Whirlpool Corporation

### **Retention of Discretion by our Compensation Committee**

Our approach to executive compensation emphasizes corporate rather than individual performance, echoing our operating strategy that encourages collaboration and cooperation among our businesses and corporate functions. We believe that the effectiveness of our executive compensation programs requires not only objective, formula-based arrangements, but also the exercise of discretion and sound business judgment by our Compensation Committee. Accordingly, our Compensation Committee retains discretion to adjust the mix of cash and equity compensation, adjust the mix of restricted stock and stock options awarded, and offer different forms of equity-based compensation. With this discretion, our Compensation Committee is best able to reward the individual contributions of each executive officer and to respond to an executive's expanding responsibilities, market practices and our changing business needs.

In addition to granting performance-based restricted stock based on prior year performance, our Compensation Committee also has the discretion to award shares of time-based restricted stock to our executive officers, other than our CEO, if it determines that an executive officer has made outstanding individual contributions during the prior year. The total value of these awards cannot exceed 20% of the combined annual base salaries of the executive officers (excluding the salary of our CEO). No discretionary awards were made in 2018.

### **Outside Compensation Consultant**

Our Compensation Committee has engaged Semler Brossy Consulting Group, LLC (Semler Brossy) as its compensation consultant. Semler Brossy was chosen by our Compensation Committee based on its deep experience in the area of executive compensation and its creative and proactive approach in analyzing

## **MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

executive compensation practices and programs. During 2018, Semler Brossy attended Compensation Committee meetings, met with our Compensation Committee in executive sessions without our executive officers or other members of management and met individually with our Compensation Committee members and our Compensation Committee Chair. Semler Brossy advised our Compensation Committee on its overall implementation of our compensation objectives, on the Company's peer group, on director compensation practices and on the compensation for our executive officers, including performing a competitive analysis of CEO pay levels within our peer group, as well as for similarly situated companies outside of that group. After considering the factors promulgated by the SEC for assessing the independence of its advisers, our Compensation Committee has determined that the work of Semler Brossy has not raised any conflict of interest.

### **TAX TREATMENT**

For tax years beginning before January 1, 2018, Section 162(m) of the Internal Revenue Code limited the deductibility of annual compensation in excess of \$1 million paid to certain of our executive officers, unless this compensation qualified as performance-based. Section 162(m) was amended in December 2017 by the Tax Cuts and Jobs Act to eliminate the exemption for performance-based compensation, other than for payments that qualify for transition relief applicable to certain arrangements in place as of November 2, 2017.

Prior to 2018, our stockholder-approved plan permitted our Compensation Committee to grant cash and equity awards intended to qualify under Section 162(m) so that they may be tax-deductible. Because this exemption is no longer available, compensation in excess of \$1 million paid to our executive officers generally will not be deductible unless the compensation qualifies for certain transition relief.

### **CONCLUSION**

We recognize the importance of attracting and retaining executive officers who can effectively lead our business, and in motivating them to maximize our corporate performance and drive long-term value for our stockholders. We believe in rewarding our executive officers to a significant degree based on our performance. We continue to thoughtfully and thoroughly analyze our compensation practices and programs and to regularly reach out to a significant number of our stockholders to understand their perspectives regarding our compensation programs. We believe our compensation practices and programs strongly align our executive officers' interests with the long-term interests of stockholders, reward our executive officers based on our performance and incentivize them to focus on our strategic business objectives.

PART II - COMPENSATION DISCUSSION AND ANALYSIS | MASCO 2019

The Organization and Compensation Committee, which is responsible for overseeing the Company's executive compensation programs, has reviewed and discussed the Compensation Discussion and Analysis with management. Based on our review and discussion, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Masco Corporation's proxy statement.

Donald R. Parfet, Chair

Marie A. Ffolkes

J. Michael Losh

Christopher A. O Herlihy

Lisa A. Payne

---

**MASCO 2019 | PART II - COMPENSATION DISCUSSION AND ANALYSIS**

We are seeking your advisory vote approving the compensation paid to our named executive officers (whom we refer to as "executive officers" in this Proposal 2). We believe the structure of our executive compensation programs promotes the long-term interests of our stockholders by attracting and retaining talented executives and motivating them to achieve our critical business objectives and to create long-term value for our stockholders.

At our 2018 Annual Meeting, we submitted a non-binding advisory proposal to our stockholders to approve the compensation paid to our executive officers (a "say-on-pay proposal"). We also submitted a proposal to our shareholders at our 2018 Annual Meeting, as to the frequency of seeking their non-binding approval of our say-on-pay proposal and determined that such vote will occur annually. Approximately 98% of the votes cast on our say-on-pay proposal approved the compensation paid to our executive officers. We believe that this strong approval resulted from our continued focus on pay-for-performance.

Our executive officers earned compensation pursuant to the following performance-based compensation programs.

Our 2018 annual performance program was based on operating profit and working capital as a percent of sales goals. We achieved a performance percentage of 89%, and as a result, consistent with our commitment to pay-for-performance, our executive officers earned restricted stock awards and cash bonuses based on this achievement.

Our 2016-2018 Long Term Cash Incentive Program was based on return on invested capital ("ROIC"). For the three-year period 2016-2018, we exceeded the target ROIC goal and achieved a performance percentage of 160%.

Our executive officers' potential performance-based compensation represents a significant percentage of total annual target compensation. In 2018, the percentage of total target compensation (base salary, target annual cash bonus and restricted stock award and the target value of long-term incentives) that was performance-based was 87% for our CEO and 74% for our other executive officers.

We believe that having a significant ownership interest in our stock is critical to aligning the interests of our executive officers with the long-term interests of our stockholders. Accordingly, equity grants in the form of restricted stock awards and stock options are an important component of compensation for our executive officers. In 2017, we modified our long-term incentive program by replacing the cash award with performance-based restricted stock units.

**Our Board recommends a vote FOR the following resolution providing an advisory approval of the compensation paid to our named executive officers:**

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and the related materials disclosed in this proxy statement, is hereby approved.

Although the vote on this proposal is advisory and non-binding, our Compensation Committee and our Board will review and consider the result of the vote when making future determinations regarding our executive compensation



programs. The affirmative vote of a majority of the votes cast by shares entitled to vote thereon is required for the approval of the foregoing resolution. Abstentions and broker non-votes are not counted as votes cast, and therefore do not affect the approval of the resolution.

## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

## SUMMARY COMPENSATION TABLE

The following table reports compensation earned during the years indicated by Mr. Allman, our principal executive officer, Mr. Szniewajs, our principal financial officer, and Messrs. O Reagan, Shah and Cole, our three other most highly compensated executive officers in 2018. We refer to the individuals listed in the table collectively as our executive officers.

## 2018 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year (a)	Salary (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non-Equity Compensation			All Other Compensation (\$) (g)	Total (\$) (h)
					Incentive Plan Compensation (\$) (e)	Earnings (\$) (f)	Change in Pension Value and Non- Qualified Deferred		
<b>Keith J. Allman</b> President and Chief Executive Officer	2018	1,201,200	3,783,562	2,087,694	4,243,600		320,383	11,636,439	
	2017	1,177,212	3,876,629	1,675,328	4,322,100	48,027	405,144	11,504,440	
	2016	1,126,654	2,442,825	1,327,054	4,224,800	33,376	611,019	9,765,728	
<b>John G. Szniewajs</b> Vice President, Chief Financial Officer	2018	698,185	981,886	573,512	1,242,500		86,851	3,582,934	
	2017	672,867	1,107,228	531,850	1,228,600	462,362	141,241	4,144,148	
	2016	653,353	701,325	442,351	1,320,200	257,598	128,344	3,503,171	
<b>Richard A. O Reagan</b> Group President	2018	544,222	761,881	410,706	924,200		78,128	2,719,137	
	2017	512,019	843,641	362,625	914,100	4,303	104,380	2,741,068	
	2016	481,188	528,863	279,888	528,700	3,147	102,351	1,924,137	

<b>Jai Shah</b>	2018	439,312	680,686	281,438	817,800		143,914	2,363,150
-----------------	------	---------	---------	---------	---------	--	---------	-----------

Group President

<b>Kenneth G. Cole</b>	2018	461,306	559,495	301,710	701,900		57,970	2,082,381
Vice President, General	2017	435,914	622,007	268,729	657,400	12,328	86,700	2,083,078
Counsel and Secretary	2016	421,058	391,838	217,154	666,400	8,911	81,955	1,787,316

**Year (column a):** Information is included in the table only for those years in which the individual has served as an executive officer and was named in our Summary Compensation Table. Mr. Shah was not a named executive officer for 2017 and 2016.

**Salary (column b):** Salary includes amounts voluntarily deferred by each executive officer as salary reductions under our 401(k) Savings Plan.

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**

Stock Awards (column c): This column reports both grants of restricted stock awards for the applicable performance year and grants of PRSUs made in 2018 under our LTIP, as follows:

**2018 STOCK AWARDS**

Name	Performance-Based		
	Restricted Stock Awards (\$)	Restricted Stock Units (\$)	Total (\$)
<b>Keith J. Allman</b>	1,781,683	2,001,879	3,783,562
<b>John G. Sznewajs</b>	469,574	512,312	981,886
<b>Richard A. O Reagan</b>	367,987	393,894	761,881
<b>Jai Shah</b>	410,611	270,075	680,686
<b>Kenneth G. Cole</b>	270,307	289,188	559,495

The amounts reflected in the Restricted Stock Awards column above and in the Stock Awards column (c) of the Summary Compensation Table are the estimated fair value of the restricted stock award opportunity for the applicable performance year, even though the restricted stock award is not granted until the following year. Although the SEC rules require the estimated fair value to be based on the probable outcome of the performance or service award at the grant date, the Stock Awards column (c) reflects the actual awards for the 2018, 2017 and 2016 performance year, as applicable, since the grant date for the award occurred when the award was actually determined in early 2019, 2018 and 2017, respectively. The threshold, target and maximum dollar values applicable to 2018 performance are reported in the 2018 Grants of Plan-Based Awards Table below. Our executive officers do not realize the value of restricted stock awards until those awards vest over the five-year vesting period following the grant date.

The amounts reflected in the Performance-Based Restricted Stock Units column above and in the Stock Awards column (c) of the Summary Compensation Table for 2018 are based upon the number of PRSUs granted on March 21, 2018 under our LTIP, which we valued at \$41.55 per share, the closing price of our stock that day, and assuming the target award would be earned at the end of the three-year performance period under our LTIP. If the maximum goal under our LTIP is achieved or exceeded, the payout to each executive officer would be: \$4,004,080

for Mr. Allman; \$1,024,800 for Mr. Szniewajs; \$787,500 for Mr. O Reagan; \$539,760 for Mr. Shah; and \$578,500 for Mr. Cole. The actual number of shares of stock awarded, if any, will be determined after the three-year performance period concludes on December 31, 2020.

As explained in further detail in the footnote Total (column h), as a result of the inclusion of the grants of PRSUs for the three-year periods beginning in 2017 and 2018, the compensation paid to our executive officers for 2017 and 2018 appears higher than the amounts decided upon by our Compensation Committee for the respective year.

**Option Awards (column d):** This column reports the aggregate grant date fair value of stock options, calculated in accordance with accounting guidance. In determining the fair market value of stock options, we used the same assumptions that can be found in the notes to our financial statements included in our Annual Report on Form 10-K for the corresponding year. These amounts do not correspond to the actual value the executive officer will realize, which will depend on overall market conditions, the future performance of our common stock and the timing of exercise of the option.

**Non-Equity Plan Incentive Compensation (column e):** The amounts reported in this column are based on the achievement of our performance targets, which are described in the Compensation Discussion and Analysis

## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

above. In addition to the annual performance-based cash bonuses that were earned for the year indicated, this column includes, in accordance with SEC rules, the performance-based payments under our LTCIP that were earned for the three-year period ending in the year indicated, as follows:

**2018 NON-EQUITY PLAN INCENTIVE COMPENSATION**

Name	Annual Performance-Based Cash Bonus (\$)	LTCIP for Three-Year Period 2016-2018 (\$)	Total (\$)
<b>Keith J. Allman</b>	1,603,600	2,640,000	4,243,600
<b>John G. Sznewajs</b>	469,700	772,800	1,242,500
<b>Richard A. O Reagan</b>	368,000	556,200	924,200
<b>Jai Shah</b>	410,700	407,100	817,800
<b>Kenneth G. Cole</b>	270,300	431,600	701,900

As explained in further detail in the footnote Total (column h), as a result of the inclusion of LTCIP cash payments for the three-year periods ending in 2017 and 2018, the compensation paid to our executive officers for 2017 and 2018 appears higher than the amounts decided upon by our Compensation Committee for the respective year.

**Change in Pension Value & Nonqualified Deferred Compensation Earnings (column f):** This column reports changes in the sum of year-end pension values, which reflect actuarial factors and variations in interest rates used to calculate present values. Increases in pension values do not represent increased benefit accruals, since benefits in our domestic defined benefit plans were frozen effective January 1, 2010. These values were obtained by comparing the present value of accumulated benefits for December 31 of the year indicated (shown for 2018 in the 2018 Pension Plan Table ) to the comparable amount for the prior year. We calculated the pension values for each of 2018, 2017 and 2016 using the same assumptions that can be found in the notes to our financial statements included in our Annual Report on Form 10-K for the corresponding years. The executive officers did not have any above-market earnings under any of the plans in which they participate. The 2018 Summary Compensation Table shows no increases for 2018, since all values decreased due to the effect of rising interest rate assumptions used in the calculations.

**All Other Compensation (column g):** We provided our executive officers with the following other benefits in 2018:

## 2018 ALL OTHER COMPENSATION

Name	Profit Sharing and 401(k) Matching Contributions (\$)	Financial Planning Expense (\$)	Personal Use of Company Aircraft (\$)	Relocation Benefits (\$)	Travel Allowance (\$)	Other Perquisites (\$)	Total (\$)
<b>Keith J. Allman</b>	182,420	10,000	127,654			309	320,383
<b>John G. Szniewajs</b>	82,591	4,260					86,851
<b>Richard A. O Reagan</b>	68,128	10,000					78,128
<b>Jai Shah</b>	75,081	4,400		4,433	60,000		143,914
<b>Kenneth G. Cole</b>	57,970						57,970

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**

The amounts reflected in the Profit Sharing and 401(k) Matching Contributions column include contributions under the 401(k) Savings Plan and the portions of the Benefit Restoration Plan applicable to that plan.

The travel allowance for Mr. Shah is in connection with housing and other living expenses and commuting expenses incurred in 2018 while he served as the General Manager of one of our business units until he was promoted to Group President in November 2018. We also incurred nominal incremental cost in connection with Mr. Shah's personal travel on company aircraft when the aircraft was used by other company personnel for business purposes.

We incurred nominal incremental cost in connection with spousal travel on company aircraft for Mr. Shah and Mr. O'Reagan when the aircraft was used for transportation to a Company event.

**Total (column h):** A significant portion of the increase in total compensation for our executive officers in 2018 and 2017 as compared to 2016 is a result of our transition in 2017 from cash payments awarded under our LTCIP to PRSUs granted under our LTIP. Based on SEC rules, the cash awards paid under our LTCIP are reported in the Non-Equity Incentive Plan Compensation column following the conclusion of the three-year performance period and the determination of the award. Conversely, we are required to report the grant date fair market value of the PRSUs granted under our LTIP in the Stock Awards column for the year in which the grant was made. For enhanced comparability to 2016 compensation reported in this table, the adjusted total compensation of each executive officer (except Mr. Shah, who was not included in our Summary Compensation Table in 2017 or 2016), excluding the grant date fair market value of the PRSUs granted in 2018 and 2017, is as follows:

Name	2018 Adjusted Total (\$)	2017 Adjusted Total (\$)
<b>Keith J. Allman</b>	9,634,560	9,771,806
<b>John G. Szniewajs</b>	3,070,622	3,646,542
<b>Richard A. O'Reagan</b>	2,325,694	2,365,913
<b>Kenneth G. Cole</b>	1,793,193	1,805,273



PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

**GRANTS OF PLAN-BASED AWARDS**

The following table provides information about:

the potential payouts available to our executive officers under our 2018 annual performance-based cash bonus and stock award opportunity;

the potential payouts available to our executive officers under our 2018-2020 LTIP; and

the actual grants of PRSUs under our 2018-2020 LTIP and stock options we made in 2018 to our executive officers.

Our Compensation Discussion and Analysis above describes our annual performance-based cash bonus and stock award opportunities, performance targets, our LTIP and grants of stock options.

**2018 GRANTS OF PLAN-BASED AWARDS**

Executive Officer	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (a)	Executive Compensation (\$)
	Threshold	Target	Maximum	Threshold	Target	Maximum	Threshold	Target	Maximum			
2018	720,720	1,801,800	3,603,600							48,180	96,360	

-2					800,816	2,002,040	4,004,080		
018								166,830	42
-1	211,110	527,775	1,055,550						
018				12,330	24,660			12,330	
-2					211,110	527,775	1,055,550		
018								45,830	42
-1	165,390	413,475	826,950						
018				9,480	18,960			9,480	
-2					165,390	413,475	826,950		
018								32,820	42
-1	157,500	393,750	787,500						
018				6,500	13,000			6,500	
-2					157,500	393,750	787,500		
018								22,490	42
-1	121,498	303,745	607,490						
018				6,960	13,920			6,960	
-2					121,498	303,745	607,490		
018								24,110	42

Estimated Future Payouts Under Non-Equity Incentive Plan Awards: The amounts that correspond to grant date N/A-1 reflect the threshold, target, and maximum opportunities under our 2018 annual performance-

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**

based cash bonus program described in our Compensation Discussion and Analysis. The resulting cash bonus payments were made in February 2019 and are reported in the 2018 Summary Compensation Table above.

**Estimated Future Payouts Under Equity Incentive Plan Awards:**

The amounts that correspond to grant date 3/21/2018 reflect the threshold, target, and maximum opportunities under our LTIP relating to the 2018-2020 performance period. In 2018, our executives received grants of PRSUs under our LTIP, which we valued at \$41.55 per share, the closing price of our common stock on the day of the grant, and assuming the target award would be earned at the end of the three-year performance period under our LTIP. The actual number of shares awarded, if any, will be determined after the three-year performance period concludes on December 31, 2020.

The amounts that correspond to grant date N/A-2 reflect the threshold, target and maximum opportunities under our 2018 annual performance-based restricted stock program described in our Compensation Discussion and Analysis. The resulting restricted stock awards were made in February 2019 and are reported in the 2018 Summary Compensation Table above.

**All Other Option Awards (column a):** These amounts reflect the number of stock options granted to each executive officer in 2018. The stock options granted vest in equal installments of 20% over a period of five years and remain exercisable until ten years from the date of grant.

**Grant Date Fair Value of Stock and Option Awards (column b):**

The amounts that correspond to grant date 3/21/2018 are based upon the number of PRSUs granted on March 21, 2018 under our LTIP, which we valued at \$41.55 per share, the closing price of our stock on the day of the grant, and assuming the target award would be earned at the end of the three-year performance period under our LTIP. The actual number of shares awarded, if any, will be determined after the three-year performance period concludes on December 31, 2020.

The amounts that correspond to grant date 2/7/2018 reflect the grant date fair value of the stock option award on the grant date, which is determined in accordance with accounting guidance. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of our common stock at a future date when the option is exercised.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

We make equity grants pursuant to our 2014 Long Term Stock Incentive Plan; outstanding grants made prior to May 2014 were made pursuant to our 2005 Long Term Stock Incentive Plan. We refer to these plans in this proxy statement collectively as our Long Term Stock Incentive Plan. In addition, beginning in 2017, we make PRSU grants pursuant to our LTIP. The following table shows, for each executive officer as of December 31, 2018:

each vested and unvested stock option outstanding;

the aggregate number of unvested shares of restricted stock;

the market value of unvested shares of restricted stock based on the closing price of our common stock on December 31, 2018, which was \$29.24 per share;

the aggregate number of PRSUs granted under our 2017-2019 LTIP and 2018-2020 LTIP; and

the market value of PRSUs based on the number of PRSUs granted and the closing price of our common stock on December 31, 2018.

## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

Unvested restricted shares are held in the executive officer's name, and the executive officer has the right to vote the shares and receive dividends on the restricted shares, but may not sell the shares until they vest. The value each executive officer will realize when the restricted shares vest will depend on the value of our common stock on the vesting date.

## 2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
	Original Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (a)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (b)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Rights That Have Not Vested
<b>Allman</b>						194,403	5,684,344	99,260	2,900
	12/05/2011	18,234		8.26	12/05/2021				
	02/15/2012	33,049		10.24	02/15/2022				
	02/13/2013	49,574		17.87	02/13/2023				
	02/12/2014	92,311	30,770	19.66	02/12/2024				
	02/11/2015	112,824	75,216	22.92	02/11/2025				
	02/10/2016	82,500	123,750	25.51	02/10/2026				
	02/10/2017	34,650	138,600	33.75	02/10/2027				
	02/09/2018		166,830	42.13	02/09/2028				
<b>Sznewajs</b>						66,888	1,955,805	27,000	780

Edgar Filing: MASCO CORP /DE/ - Form DEF 14A

02/12/2010	165,248		12.12	02/12/2020
02/16/2011	85,473		11.25	02/16/2021
02/15/2012	82,624		10.24	02/15/2022
02/13/2013	82,624		17.87	02/13/2023
02/12/2014	50,144	12,536	19.66	02/12/2024
02/11/2015	37,608	25,072	22.92	02/11/2025
02/10/2016	27,500	41,250	25.51	02/10/2026
02/10/2017	11,000	44,000	33.75	02/10/2027
02/09/2018		45,830	42.13	02/09/2028

## MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS

Name	Original Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (a)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (b)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (c)
<b>Hard</b>						45,646	1,334,689	20,540	600,590
<b>Reagan</b>	02/11/2015	23,248	15,499	22.92	02/11/2025				
	02/10/2016	17,400	26,100	25.51	02/10/2026				
	02/10/2017	7,500	30,000	33.75	02/10/2027				
	02/09/2018		32,820	42.13	02/09/2028				
<b>Shah</b>						46,094	1,347,789	14,220	415,790
	02/12/2014	13,675	3,419	19.66	02/12/2024				
	02/11/2015	10,256	6,838	22.92	02/11/2025				
	02/10/2016	12,700	19,050	25.51	02/10/2026				
	02/10/2017	5,240	20,960	33.75	02/10/2027				
	02/09/2018		22,490	42.13	02/09/2028				
<b>Wenth</b>						32,598	953,166	15,150	442,980
<b>Cole</b>	2/12/2010	9,117		12.12	02/12/2020				
	7/31/2013	34,189		18.01	07/31/2023				

2/12/2014	13,675	3,419	19.66	02/12/2024
2/11/2015	16,226	10,817	22.92	02/11/2025
2/10/2016	13,500	20,250	25.51	02/10/2026
2/10/2017	5,558	22,232	33.75	02/10/2027
02/09/2018		24,110	42.13	02/09/2028

**Option Awards:** Stock option awards vest in equal annual installments of 20% commencing in the year following the year of grant.

**Stock Awards (column a):** This column reflects restricted stock awards. Restricted stock awards granted in 2010 and after vest in equal annual installments of 20% commencing in the year following the year of grant.

**Stock Awards (column b):** This column reflects PRSUs that were granted under our 2017-2019 LTIP and our 2018-2020 LTIP. The number of PRSUs granted was based upon an assumption that the target award would be earned at the end of the three-year performance period. The actual number of shares awarded, if any, will be determined after the three-year performance period concludes.



## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

**OPTION EXERCISES AND STOCK VESTED**

The following table shows the number of shares acquired, and the value realized, by each of our executive officers during 2018, in connection with the exercise of stock options and the vesting of restricted stock previously awarded to each executive officer.

**2018 OPTIONS EXERCISED AND STOCK VESTED**

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Vested (#)	Value Realized on Vesting (\$)
<b>Keith J. Allman</b>			59,055	2,702,356
<b>John G. Sznawajs</b>	96,869	3,090,230	33,967	1,554,330
<b>Richard A. O Reagan</b>			20,086	915,316
<b>Jai Shah</b>	75,219	1,908,972	21,174	968,922
<b>Kenneth G. Cole</b>			14,874	652,103

**RETIREMENT PLANS**

This section describes the retirement plans available to our executive officers.

**Defined Contribution Plans**

Our defined contribution plans are the tax-qualified 401(k) Savings Plan and the non-qualified Benefits Restoration Plan ( BRP ) applicable to the 401(k) Savings Plan. All of our executive officers participate in both of our defined contribution plans. We offer no other plans of deferred compensation that would permit the election of deferrals of cash compensation by our executive officers.

**401(k) Savings Plan**

Our 401(k) Savings Plan is available to eligible employees, and provides two employer contribution components, if applicable. The first employer contribution component is a matching contribution under which we match a percentage of an employee's compensation deferred into the 401(k) Savings Plan. The second component is a discretionary profit sharing contribution that is guided by the operating profit performance target goal used to determine annual performance-based cash bonuses and restricted stock awards (see Our 2018 Annual Performance Program above). Our Compensation Committee has established our maximum contribution percentage at 10% of each participant's annual earnings (base salary and cash bonus).

**Defined Contribution Portion of the BRP**

The defined contribution portion of our BRP is available to our highly compensated employees and is not funded. Under the BRP, we make account allocations reflecting our 401(k) Savings Plan employer match (in 2018, for contributions up to \$18,500), profit sharing contribution amounts that exceed the Code's limitations, and earnings (or losses) on participants' accounts. Following a participant's termination of employment, the BRP account is paid by us in a lump sum.

## MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS

## 2018 NON-QUALIFIED DEFERRED COMPENSATION

*(Defined Contribution Portion of the Benefits Restoration Plan)*

Name	Masco Allocations (\$) (a)	Aggregate Earnings (\$) (b)	Aggregate Withdrawals /Aggregate Balance Distributions (\$) (c)	Aggregate Balance at December 31, 2018 (\$) (d)
<b>Keith J. Allman</b>	157,945	(65,070)		1,090,042
<b>John G. Sznewajs</b>	58,116	(69,773)		697,039
<b>Richard A. O Reagan</b>	43,653	(20,064)		340,527
<b>Jai Shah</b>	46,756	(28,668)		399,627
<b>Kenneth G. Cole</b>	33,495	(11,913)		198,638

Masco Allocations (column a): This column reports the amount of our 2018 plan year allocation to each executive officer's BRP account. Amounts in this column are included in the All Other Compensation column in the 2018 Summary Compensation Table.

Aggregate Earnings (column b): This column reports the amount of earnings (or losses) posted to the account in 2018.

Aggregate Withdrawals / Distributions (column c): This column reports the aggregate amount of all withdrawals or distributions from the account in 2018.

Aggregate Balance (column d): This column reports the account's ending balance at December 31, 2018. The following amounts included in this column were previously reported as compensation in our Summary Compensation Table for 2016 and 2017:

Name	Masco Allocations Reported in 2016 (\$)	Masco Allocations Reported in 2017 (\$)
<b>Keith J. Allman</b>	263,175	285,251
<b>John G. Sznewajs</b>	93,024	98,854
<b>Richard A. O Reagan</b>	64,018	71,170

**Jai Shah****Kenneth G. Cole**

50,420

53,490

**Defined Benefit Pension Plans**

Our defined benefit pension plans are the tax-qualified Masco Corporation Pension Plan (the Pension Plan), the non-qualified BRP applicable to the Pension Plan and the non-qualified Supplemental Executive Retirement Plan (SERP). Our defined benefit pension plans were frozen for future benefit accruals effective January 1, 2010. Consequently, the defined benefit pension benefits accrued for each of our executive officers are essentially fixed.

**The Pension Plan and BRP**

The Pension Plan and BRP provide that at age 65, a participant receives monthly payment for the remainder of his or her life, with five years payments guaranteed. Employees became 100% vested in their pension benefit after completing five years of employment with us. The benefits paid are reduced for early retirement if commenced prior to age 65. The maximum credited service under the Pension Plan and the defined benefit portion of the BRP was 30 years. A participant who has ten or more years of service with us is eligible to receive a disability benefit equal to the participant's accrued benefit.

## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

Messrs. Allman, Szniewajs, O Reagan, Shah and Cole are participants in our Pension Plan, and each is 100% vested in their Pension Plan benefits. Messrs. Allman, Szniewajs and Shah are participants in our BRP applicable to the Pension Plan.

SERP

Mr. Szniewajs is the only executive officer that participates in the SERP, which provides that at age 65, he will receive a monthly payment for life of an amount up to 60% of the average of his highest three years' cash compensation (base salary plus annual cash bonus, up to 60% of that year's maximum bonus opportunity) earned on or before January 1, 2010. SERP payments are reduced by certain benefits paid by our other retirement plans or by retirement benefits payable by other employers. The maximum benefit under the SERP accrues after 15 years. When the SERP was frozen on January 1, 2010, Mr. Szniewajs's accrual of 52% was frozen, and he is now 60% vested. Mr. Szniewajs will not be fully vested in his frozen SERP benefit unless he continues to be employed with us until he reaches age 55, or we have a change in control.

The SERP provides a disability benefit if Mr. Szniewajs becomes disabled while employed by us. The disability benefit is paid until the earlier of death, recovery from disability or age 65; is offset by payments from long-term disability insurance we have paid for; and is equal to 60% of his annual salary and bonus (up to 60% of the maximum bonus opportunity) as of January 1, 2010. At age 65, payments revert to a calculation based on the highest three-year average compensation as of January 1, 2010. Under the SERP, Mr. Szniewajs and his spouse may also receive medical benefits.

The present value of SERP payments to Mr. Szniewajs is reported in the 2018 Pension Plan Table below. His surviving spouse would receive reduced benefits.

Pension Plan Table

The 2018 Pension Plan Table below reports the estimated present values on December 31, 2018 of accumulated benefits for each of our executive officers under the Pension Plan, the defined benefit portion of the BRP and the SERP, as applicable. The amounts payable to Mr. Szniewajs under the SERP have been reduced by amounts payable to him under the Pension Plan and the defined benefit portion of the BRP. Mr. Szniewajs' SERP amount has also been reduced by the January 1, 2010 benefits payable under the profit sharing component of the 401(k) Savings Plan and the defined contribution portion of the BRP.

**2018 PENSION PLAN TABLE**

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefits (\$)
		(a)	(b)

<b>Keith J. Allman</b>	Pension Plan		12	300,476
	Defined Benefit Portion	BRP	12	92,805
<b>John G. Sznewajs</b>	Pension Plan		14	289,046
	Defined Benefit Portion	BRP	14	245,302
	SERP		14	2,602,062
<b>Richard A. O Reagan</b>	Pension Plan		1	33,434
<b>Jai Shah</b>	Pension Plan		6	139,207
	Defined Benefit Portion	BRP	6	29,097
<b>Kenneth G. Cole</b>	Pension Plan		6	92,665

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**

Number of Years Credited Service (column a): This column reports:

For the Pension Plan and BRP, credited service through January 1, 2010, the date on which accruals under our defined benefit pension plans were frozen, for years of employment with us, and our subsidiaries; and

For the SERP, credited service through January 1, 2010, for years of employment only with us. We have not granted additional accruals to any of the executive officers in any of these retirement plans, and none of these plans provides for personal contributions or additional income deferral elections.

Present Value of Accumulated Benefits (column b): Amounts in this column were calculated as of December 31, 2018 using the normal form of benefit payable under each plan using: (a) base pay only for the Pension Plan and BRP, (b) base pay plus cash bonus for the SERP, and (c) the same discount rates and mortality assumptions as described in the notes to financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Although SEC disclosure rules require a present value calculation, none of these defined benefit pension plans (other than the SERP and the BRP, in the event of a change in control) provides benefits in a lump sum.

**PAYMENT UPON CHANGE IN CONTROL**

We do not have employment agreements or change in control agreements with any of our executive officers. If we experienced a change in control, our executive officers would receive lump-sum payments of benefits under the BRP and, for Mr. Szniewajs, the SERP, that otherwise would be paid over time. Additionally, these two plans and our Long Term Stock Incentive Plan provide that participants could receive accelerated vesting and reimbursement (limited, for equity grants, to those made prior to 2012) in the case of imposition of excise tax upon a change in control. Upon a change in control, Mr. Szniewajs' frozen SERP accrual of 52% would not change, but his vesting in this benefit would advance from 60% to 100%. None of our plans provide for additional accrual of benefits in the case of a change in control.

The following table reports the values of all payments (other than from our tax-qualified retirement plans) assuming a change in control (and a termination of employment under certain conditions) had occurred on December 31, 2018.

**PAYMENTS UPON CHANGE IN CONTROL**

Name	Cash (\$)	SERP and BRP		Excise Tax		Total (\$)
		Equity (\$) (a)	Payments (\$) (b)	Perquisites (\$)	Reimbursement (\$) (c) Other (\$)	
<b>Keith J. Allman</b>		6,916,074	1,346,158			8,262,232
<b>John G. Szniewajs</b>		2,388,218	3,744,641			6,132,859

<b>Richard A. O Reagan</b>	1,529,996	384,180	1,914,176
<b>Jai Shah</b>	1,494,816	476,068	1,970,884
<b>Kenneth G. Cole</b>	1,129,816	232,133	1,361,949

Equity (column a): A change in control would trigger vesting (assuming a termination of employment under certain conditions had occurred with respect to awards granted beginning in 2013) of unvested restricted stock and stock option awards, the total value of which is shown in this column. This column is comprised of the incremental values for vestings of restricted stock (as shown in the last column of the 2018



## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

Outstanding Equity Awards at Fiscal Year-End table above), plus the intrinsic values for vesting of stock options (based on our closing stock price of \$29.24 on December 31, 2018): \$1,231,730 for Mr. Allman; \$432,413 for Mr. Szniewajs; \$195,307 for Mr. O Reagan; \$147,027 for Mr. Shah; and \$176,650 for Mr. Cole.

**SERP and BRP Payments (column b):** Amounts calculated for both the SERP and the BRP utilize the discount rates and mortality assumptions equal to the Pension Benefit Guarantee Corporation discount rates for lump sums in plan terminations, as in effect four months prior to the change in control, and the UP-1984 mortality table (both of which differ from the rates and assumptions used to calculate the lump sums reported in the Pension Plan Table). Amounts in this column also include amounts shown in the 2018 Non-Qualified Deferred Compensation table above.

**Excise Tax Reimbursement (column c):** Excise tax reimbursements apply only to agreements and equity grants entered into prior to 2012. At December 31, 2018, no individual's payments would have exceeded applicable limits in the Code for parachute payments; therefore, no amounts are shown in this column.

**PAYMENT UPON RETIREMENT, TERMINATION, DISABILITY OR DEATH**

Our executive officers may also be entitled to receive certain benefits upon retirement, voluntary or involuntary termination, disability or death, as described below. The benefits reported in the following tables would be paid on a monthly basis and, other than the BRP defined contribution component, not as lump sum payments.

**Retirement**

Upon retirement at or after age 65, our executive officers would be fully vested in the accumulated pension benefits shown in the table below. Our restricted stock and stock option awards do not vest upon retirement; following retirement, equity awards generally continue to vest in accordance with the remaining vesting period.

**PAYMENT UPON RETIREMENT**

Name	Pension Plan Benefit (\$)	BRP Benefit - Defined Benefit Portion	BRP Benefit - Defined Contribution Portion	SERP Benefit (\$)	Total (\$)
<b>Keith J. Allman</b>	300,476	92,805	1,247,987		1,641,268
<b>John G. Szniewajs</b>	289,046	245,302	755,155	2,602,062	3,891,565
<b>Richard A. O Reagan</b>	33,434		384,180		417,614

<b>Jai Shah</b>	139,207	29,097	446,383	614,687
-----------------	---------	--------	---------	---------

<b>Kenneth G. Cole</b>	92,665		232,133	324,798
----------------------------	--------	--	---------	---------

**Termination**

If voluntary or involuntary termination of employment had occurred on December 31, 2018, our executive officers would be fully vested in the accumulated pension benefits shown in the table below. Absent an agreement for post-termination extended vesting, termination of employment would result in forfeiture to us of all unvested restricted stock awards and unvested stock options. Vested stock options would remain exercisable for 30 days, in the case of voluntary termination, or three months, in the case of involuntary termination, but not beyond the originally-specified exercise period.

---

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**
**PAYMENT UPON TERMINATION**

Name	BRP Benefit - Defined		BRP Benefit - Defined		Total (\$)
	Pension Plan Benefit (\$)	Benefit Portion	Contribution Portion	SERP Benefit (\$) (a)	
<b>Keith J. Allman</b>	300,476	92,805	1,247,987		1,641,268
<b>John G. Szniewajs</b>	289,046	245,302	755,155	1,561,235	2,850,738
<b>Richard A. O Reagan</b>	33,434		384,180		417,614
<b>Jai Shah</b>	139,207	29,097	446,383		614,687
<b>Kenneth G. Cole</b>	92,665		232,133		324,798

SERP Benefit (column a): Mr. Szniewajs would have been 60% vested in his SERP benefit if his employment had terminated on December 31, 2018.

**Disability**

If disability had terminated the employment of any of our executive officers on December 31, 2018, the executive officer would receive the benefits as reported in the table below. In addition, each executive officer would receive a benefit of \$144,000 per year, payable from our long-term disability insurance policy. Any disability benefit received would terminate upon the earliest of death, recovery from disability or age 65, at which time the applicable retirement, termination or death benefits would become effective. In addition, all restrictions on restricted shares would lapse and all unvested stock options would become exercisable for the period of time allowed under the original awards.

**PAYMENT UPON DISABILITY**

Name	BRP Benefit - Defined		Equity (\$)		Total Benefit (\$)
	Benefit Portion	Contribution Portion	SERP Benefit (\$) (a)		

<b>Keith J. Allman</b>	133,544	1,247,987		6,916,074	8,297,605
------------------------	---------	-----------	--	-----------	-----------

<b>John G. Szniewajs</b>	461,973	755,155	5,767,141	2,388,218	9,372,487
--------------------------	---------	---------	-----------	-----------	-----------

<b>Richard A. O Reagan</b>		384,180		1,529,996	1,914,176
----------------------------	--	---------	--	-----------	-----------

<b>Jai Shah</b>	25,314	446,383		1,494,816	1,966,513
-----------------	--------	---------	--	-----------	-----------

<b>Kenneth G. Cole</b>		232,133		1,129,816	1,361,949
------------------------	--	---------	--	-----------	-----------

Equity (column a): Disability would trigger vesting of unvested restricted stock and stock option awards, the total value of which is shown in this column. This column is comprised of the incremental values for vestings of restricted stock (as shown in the last column of the 2018 Outstanding Equity Awards at Fiscal Year-End table above), plus the intrinsic values for vesting of stock options (based on our closing stock price of \$29.24 on December 31, 2018): \$1,231,730 for Mr. Allman; \$432,413 for Mr. Szniewajs; \$195,307 for Mr. O Reagan; \$147,027 for Mr. Shah; and \$176,650 for Mr. Cole.

## PART III - COMPENSATION OF EXECUTIVE OFFICERS | MASCO 2019

**Death**

If death had terminated the employment of any of our executive officers on December 31, 2018, the surviving spouse of the executive officer would receive the benefits as set forth in the table below. If the executive officer does not have a surviving spouse, a designated beneficiary (if applicable) would receive the benefits below, with the exception of the SERP and Pension Plan benefits and the benefits under the defined benefit portion of the BRP. In addition, all restrictions on restricted shares would lapse and all unvested stock options would become exercisable for up to a year, but not beyond the period of time allowed under the original awards.

**PAYMENT UPON DEATH**

Name	BRP Benefit (\$)				Equity (\$) (a)	Total Benefit (\$)
	Pension Plan Benefit (\$)	Defined Benefit Portion	Defined Contribution Portion	SERP Benefit (\$)		
<b>Keith J. Allman</b>	141,518	43,477	1,247,987		6,916,074	8,349,056
<b>John G. Szniewajs</b>	127,549	107,480	755,155	4,844,782	2,388,218	8,223,184
<b>Richard A. O Reagan</b>	16,119		384,180		1,529,996	1,930,295
<b>Jai Shah</b>	60,674	12,587	446,383		1,494,816	2,014,460
<b>Kenneth G. Cole</b>	40,131		232,133		1,129,816	1,402,080

Equity (column a): Death would trigger vesting of unvested restricted stock and stock option awards, the total value of which is shown in this column. This column is comprised of the incremental values for vestings of restricted stock (as shown in the last column of the 2018 Outstanding Equity Awards at Fiscal Year-End table above), plus the intrinsic values for vesting of stock options (based on our closing stock price of \$29.24 on December 31, 2018): \$1,231,730 for

Mr. Allman; \$432,413 for Mr. Szniewajs; \$195,307 for Mr. O Reagan; \$147,027 for Mr. Shah; and \$176,650 for Mr. Cole.

### **Other Arrangements**

As noted above in our Compensation Discussion and Analysis, it is our general policy not to enter into contractual termination arrangements. On an individually-negotiated basis we may enter into severance arrangements or arrangements for an executive officer's services following termination of employment. Such arrangements may include continued vesting of restricted stock or options that would otherwise be forfeited, as well as provisions restricting competitive activities following termination.

**MASCO 2019 | PART III - COMPENSATION OF EXECUTIVE OFFICERS**

**CEO PAY RATIO**

The median employee we identified for purposes of disclosing our 2017 pay ratio was selected by reviewing annual base salaries for all persons who were employed by us on October 1, 2017, excluding Mr. Allman, our President and CEO. We included all employees, whether employed on a full-time, part-time, seasonal or temporary basis and did not make any estimates, assumptions or adjustments to any annual base salaries. The individual identified in 2017 is no longer employed by us, and, as permitted by the SEC, we are electing to select another employee, whose 2017 annual base salary was substantially similar to the annual base salary of our original median employee.

We calculated annual total compensation for our median employee using the same methodology we used for our executive officers as set forth in the above 2018 Summary Compensation Table. The total compensation of the median employee was \$38,769, including wages, overtime pay, non-equity incentive program pay and company 401(k) match. The annual total compensation of our CEO was \$11,636,439. The resulting pay ratio is 300:1.

As discussed in the note to column h of our Summary Compensation Table, in 2018 we transitioned from cash payments awarded under our LTCIP to PRSUs granted under our LTIP. Based on SEC rules, we are required to include in Mr. Allman's total compensation for 2018 both the cash payment for the 2016-2018 performance period under the LTCIP and the grant date fair market value of the PRSUs for the 2018-2020 performance period under the LTIP, which could, if earned, entitle Mr. Allman to receive shares of our common stock. Excluding the grant date fair market value of the PRSUs for the 2018-2020 performance period, the pay ratio would have been 249:1.

The Audit Committee consists of eight members of the Board of Directors, each of whom is independent. The Audit Committee assists the Board of Directors in fulfilling the Board's responsibility for oversight of the integrity of our financial statements, the effectiveness of our internal controls over financial reporting, the qualifications, independence, performance and remuneration of our independent registered public accounting firm ( independent auditors ), the performance of our internal audit function, our compliance with legal and regulatory requirements, and compliance by our employees and officers with our Code of Business Ethics. Management is responsible for the accuracy of our financial statements and our reporting process, including our system of internal controls over financial reporting. In discharging its oversight responsibilities, the Audit Committee reviewed and discussed with management our audited financial statements as of and for the year ended December 31, 2018 and our processes to ensure the accuracy of our financial statements.

The Audit Committee obtained from our independent auditors, PricewaterhouseCoopers LLP ( PwC ), the written disclosures and letter required under Public Company Accounting Oversight Board Ethics and Independence Rule 3526, regarding PwC's communications with the Audit Committee concerning independence. The Audit Committee discussed with PwC any relationships that may impact PwC's objectivity and independence and satisfied itself as to PwC's independence. The Audit Committee confirmed that PwC's provision of non-audit services to us did not impair their independence. The Audit Committee discussed with PwC the matters required to be discussed under Public Company Accounting Oversight Board Auditing Standard No. 1301, regarding communication with the Audit Committee. The Audit Committee also met with PwC independent of management.

Based on the reviews and discussions with management and the independent auditors described above, the Audit Committee recommended to the Board of Directors that our financial statements as of and for the year ended December 31, 2018 be included in our Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC. The Audit Committee also reappointed PwC as our independent registered public accounting firm, which stockholders are being asked to ratify.

#### **Audit Committee**

Lisa A. Payne, Chair

Mark R. Alexander

Marie A. Ffolkes

Christopher A. O Herlihy

Donald R. Parfet

John C. Plant

Charles K. Stevens

Reginald M. Turner





**MASCO 2019 | PART IV - AUDIT MATTERS****PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Aggregate fees for professional services rendered to us by our independent registered public accounting firm, PwC, for the years ended December 31, 2018 and 2017 were (in millions):

	2018	2017
<b>Audit Fees</b>	\$9.2	\$8.4
<b>Audit-Related Fees</b>	0.2	0.4
<b>Tax Fees</b>	2.0	1.4
<b>All Other Fees</b>	0.2	0.1
<b>Total</b>	\$11.6	\$10.3

The Audit Fees for the years ended December 31, 2018 and 2017 were for services rendered for audits and quarterly reviews of our consolidated financial statements, audits of our internal controls over financial reporting, statutory audits, issuance of comfort letters, consents and assistance with review of documents filed with the SEC.

The Audit-Related Fees for the years ended December 31, 2018 and 2017 were for services rendered for due diligence related to acquisitions and dispositions, the implementation of prospective accounting standards and employee benefit plan audits and compilations.

The Tax Fees for the years ended December 31, 2018 and 2017 were for professional services related to tax return preparation and review, tax audit assistance, tax planning and tax advice related to reorganizations, acquisitions and dispositions and transfer pricing programs.

All Other Fees for services rendered the years ended December 31, 2018 and 2017 were for miscellaneous services rendered. All Other Fees for the year ended December 31, 2018 also include fees for services related to system implementation assessments.

Our Audit Committee has established a policy requiring its annual review and pre-approval of all audit services and permitted non-audit services to be performed by PwC. Our Audit Committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by PwC that are not encompassed by our Audit Committee's annual pre-approval. Our Audit Committee has delegated to our Audit Committee Chair the approval authority, on a case-by-case basis, for services outside or in excess of our Audit Committee's aggregate pre-approved levels, provided that the Chair shall report any such decisions to our Audit Committee at its next regular meeting. All of the services referred to in the table above for 2018 were pre-approved by our Audit Committee or our Audit Committee Chair and none of the services approved by our Audit Committee during 2018 were under the de minimis exception to pre-approval contained in the applicable rules of the SEC.

Our Audit Committee is responsible for the appointment, remuneration, retention and oversight of the independent external audit firm retained to audit our financial statements. As part of its oversight, our Audit Committee and its Chair review and evaluate our lead audit engagement partner, and participate in the selection of the new lead audit engagement partner in conjunction with the mandated rotation of that partner.

Our Audit Committee has selected the independent registered public accounting firm of PricewaterhouseCoopers LLP ( PwC ) to audit our financial statements for the year 2019. We have retained PwC (or its predecessor) as our independent auditor since at least 1959, and our Audit Committee believes that the continued retention of PwC to serve as our independent auditor is in the best interests of our Company and our stockholders.

Representatives of PwC will be present at our Annual Meeting and will have the opportunity to make a statement and respond to appropriate questions. If the selection of PwC is not ratified, our Audit Committee will consider selecting another independent registered public accounting firm as our independent auditors.

**Our Board recommends a vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as our independent auditors for the year 2019.**

The affirmative vote of a majority of the votes cast by shares entitled to vote is required for the ratification of the selection of independent auditors. Abstentions and broker non-votes are not counted as votes cast, and therefore do not affect the ratification of the selection of independent auditors.

**MASCO 2019 | PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP**

Our Board of Directors elects our executive officers annually. Our current executive officers are listed below.

Name	Position	Age	Executive Officer Since
<b>Keith J. Allman</b>	President and Chief Executive Officer	56	2014
<b>Amit Bhargava</b>	Vice President, Strategy and Corporate Development	55	2015
<b>Kenneth G. Cole</b>	Vice President, General Counsel and Secretary	53	2013
<b>Joseph B. Gross</b>	Group President	60	2017
<b>John P. Lindow</b>	Vice President, Controller and Chief Accounting Officer	55	2011
<b>Scott E. McDowell</b>	Vice President, Masco Operating System	43	2018
<b>Richard A. O Reagan</b>	Group President	55	2014
<b>Jai Shah</b>	Group President	52	2018

<b>Renee Straber</b>	Vice President, Chief Human Resource Officer	48	2014
<b>John G. Szniewajs</b>	Vice President, Chief Financial Officer	51	2005

**Keith J. Allman:** Mr. Allman's experience is described above in Class II Directors (Term Expiring at the Annual Meeting in 2020).

**Amit Bhargava:** Mr. Bhargava joined us in January 2015 as Vice President, Strategy and Corporate Development. He served as Vice President, Enterprise Strategy & Development for UTC Aerospace Systems from 2013 through 2014. He previously served as Corporate Director, Corporate Strategy and Development for United Technologies Corporation (2012-2013) and as the Vice President, Business Development & Strategy for UTC Fire & Security (2011).

**Kenneth G. Cole:** Mr. Cole was elected Vice President, General Counsel and Secretary in July 2013. Mr. Cole joined us in 2004 and has held positions of increasing responsibility in our legal department, serving most recently as Senior Assistant General Counsel and Director of Commercial Legal Affairs.

**Joseph B. Gross:** Mr. Gross was elected Group President in March 2018. He has been employed by Masco Corporation in various positions of increasing responsibility since 2011, most recently as Group Vice President, a position he held since April 2017. He previously served as the President and General Manager of Masco Cabinetry LLC (2015-2017), the President and General Manager of BrassCraft Manufacturing Company (2013-2015) and as the Vice President of Operations & Supply Chain at Arrow Fastener Co., LLC. (2011-2013).

**John P. Lindow:** Mr. Lindow was elected Vice President, Controller and Chief Accounting Officer in 2017. He was a Masco Group Controller from 2000 to 2007. He then served as Vice President Administration - Plumbing Products Platform until 2009, and was elected as our Vice President, Controller in 2011.

**Scott E. McDowell:** Mr. McDowell joined us in August 2018 as Vice President, Masco Operating System. He served as Vice President, Sales and Marketing for Zurn Industries, LLC (2018). He previously served as Vice President, Corporate Rexnord Business System for Rexnord Corporation (2015-2018) and as the Group Vice President, Marketing, Engineering and Business Development for Zurn Industries, LLC (2013-2015).

**Richard A. O'Reagan:** Mr. O'Reagan was elected Group President in May 2014. He joined Masco in 2008 as Vice President of Sales for Delta Faucet Company and in 2011 became the President of Delta Faucet Company.

PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP | MASCO 2019

**Jai Shah:** Mr. Shah was elected Group President in November 2018. He most recently served as the President of Delta Faucet Company, a position he held since 2014. He previously served as the Vice President - Chief Human Resource Officer of Masco Corporation (2012-2014), the Vice President Finance - Retail/Wholesale Platform since 2008, as a Group Vice President from 2007 to 2008, and as our Vice President - Strategic Planning from 2005 to 2007.

**Renee Straber:** Ms. Straber was elected Vice President, Chief Human Resource Officer in October 2014, after serving as our Group Director - Human Resources since 2012. She joined Masco in 1995 as a Human Resource Representative for Delta Faucet Company and was promoted to Vice President, Human Resources for Delta Faucet Company in 2007.

**John G. Sznewajs:** Mr. Sznewajs was elected Vice President, Chief Financial Officer in 2007. He served as our Treasurer (2005-2016) and Vice President - Business Development (2003-2005).

**MASCO 2019 | PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP**

The following table shows the beneficial ownership of our common stock as of December 31, 2018 by (i) each of our directors and director nominees, (ii) each executive officer included in the 2018 Summary Compensation Table, (iii) all of our current directors and executive officers as a group (20 individuals), and (iv) all persons whom we know to be beneficial owners of five percent or more of our common stock. Except as indicated below, each person exercises sole voting and investment power with respect to the shares listed.

Name	Shares of Common Stock Beneficially Owned (a)	Percentage of Voting Power Beneficially Owned
<b>Mark R. Alexander</b>	19,851	*
<b>Keith J. Allman</b>	966,865	*
<b>Kenneth G. Cole</b>	201,663	*
<b>Marie A. Ffolkes</b>	5,870	*
<b>J. Michael Losh</b>	73,606	*
<b>Richard A. Manoogian</b>	525,961	*
<b>Christopher A. O Herlihy</b>	27,967	*



<b>Richard A. O Reagan</b>	140,103	*
<b>Donald R. Parfet</b>	35,779	*
<b>Lisa A. Payne</b>	52,913	*
<b>John C. Plant</b>	26,784	*
<b>Jai Shah</b>	110,888	*
<b>Charles K. Stevens</b>	4,450	*
<b>John G. Szniewajs</b>	829,269	*
<b>Reginald M. Turner</b>	17,156	*
<b>All directors and executive officers of Masco as a group</b>	3,475,351	1.17%
<b>Blackrock, Inc.</b> 55 East 52nd Street, New York, NY 10055	25,729,104	8.40%
<b>The Vanguard Group</b> 100 Vanguard Blvd., Malvern, PA 19355	31,433,885	10.28%

\* Less than one percent

Shares of Common Stock Beneficially Owned (column a): The amounts reported in this column include:

For Mr. Losh, 57,063 shares held in a trust.

For Mr. Manoogian, an aggregate of 200,000 shares owned by charitable foundations for which he serves as a director or officer. The directors and officers of the foundations share voting and investment power with respect to shares owned by the foundations, but Mr. Manoogian disclaims beneficial ownership of such shares. Excluding unvested restricted stock shares and shares that he has a right to acquire, substantially all of the shares beneficially owned by Mr. Manoogian (other than unvested restricted stock and shares he has a right to acquire) have been pledged.

## PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP | MASCO 2019

For Mr. Parfet, 80 shares held in a trust.

For Ms. Payne, 875 shares held in a trust.

Based on a Schedule 13G filed with the SEC on February 6, 2019, on December 31, 2018 Blackrock, Inc. (through certain of its subsidiaries) beneficially owned 25,729,104 shares of our common stock, with sole voting power over 22,965,390 shares and sole dispositive power over all the shares.

Based on a Schedule 13G filed with the SEC on February 11, 2019, on December 31, 2018. The Vanguard Group (and certain of its subsidiaries) beneficially owned 31,433,885 shares of our common stock, with sole voting power over 370,973 shares and shared voting power over 88,988 shares, and sole dispositive power over 30,969,738 shares and shared dispositive power over 464,147 shares.

Shares of unvested restricted stock and shares that may be acquired on or before March 1, 2019 upon exercise of stock options, as reflected in the table below. Holders have sole voting, but no investment power, over unvested restricted shares and have neither voting nor investment power over unexercised stock option shares.

Name	Unvested Restricted Stock Awards	Shares that may be acquired on or before March 1, 2019 upon Exercise of Stock Options
<b>Mark R. Alexander</b>	7,426	
<b>Keith J. Allman</b>	194,403	600,786
<b>Kenneth G. Cole</b>	32,598	118,220
<b>Marie A. Ffolkes</b>	5,870	

<b>J. Michael Losh</b>	7,426	9,117
<b>Richard A. Manoogian</b>	7,426	
<b>Christopher A. O Herlihy</b>	7,426	
<b>Richard A. O Reagan</b>	45,646	78,660
<b>Donald R. Parfet</b>	7,426	
<b>Lisa A. Payne</b>	7,426	9,117
<b>John C. Plant</b>	7,426	
<b>Jai Shah</b>	46,094	64,794
<b>Charles K. Stevens</b>	4,450	
<b>John G. Sznawajs</b>	66,888	601,209
<b>Reginald M. Turner</b>	7,426	
<b>All current directors and executive officers of Masco as a group</b>	601,185	1,697,452



**MASCO 2019 | PART V - EXECUTIVE OFFICERS AND BENEFICIAL OWNERSHIP**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than ten percent of our common stock, to:

file reports of their ownership of our common stock and changes in their ownership with the SEC and the New York Stock Exchange; and

furnish us with copies of these reports.

Based solely on our review of copies of the reports we received, or written representations from our executive officers and directors that they were not required to file Form 5 ownership reports, we believe that each person who was a director, officer or beneficial owner of more than ten percent of our common stock at any time during 2017 timely met all applicable filing requirements during the year.

**2019 Annual Meeting  
of Stockholders**

The Board of Directors of Masco Corporation is soliciting the enclosed proxy for use at the Annual Meeting of Stockholders of Masco Corporation to be held at our corporate office at 17450 College Parkway, Livonia, Michigan 48152, on Friday, May 10, 2019 at 9:30 A.M. Eastern Time, and at any adjournment or postponement of the Annual Meeting. This proxy statement and the enclosed proxy card are being mailed or otherwise made available to stockholders on or about March 29, 2019. We are concurrently mailing to stockholders a copy of our 2018 Annual Report to Stockholders, which includes our Form 10-K for the year ended December 31, 2018.

*Who is entitled to vote at the Annual Meeting?*

Our Board established the close of business on March 15, 2019 as the record date to determine the stockholders entitled to receive a notice of, and to vote at, our Annual Meeting or an adjournment or postponement of the meeting. On the record date, there were 294,294,053 shares of our common stock, \$1 par value, outstanding and entitled to vote. Each share of our common stock represents one vote that may be voted on each matter that may come before the Annual Meeting.

All shares of our common stock represented by properly executed and unrevoked proxies will be voted by the persons named as proxy holders in accordance with the instructions given. If no instructions are indicated on a proxy, properly executed proxies will be voted as follows:

FOR each Class I Director nominee;

FOR the approval of the compensation paid to our named executive officers; and

FOR the ratification of PricewaterhouseCoopers LLP as our independent auditors for 2019.

**MASCO 2019 | PART VI - GENERAL INFORMATION**

*What is the difference between holding shares as a record holder and as a beneficial owner?*

If your shares are registered in your name with our registrar and transfer agent, Computershare, you are the record holder of those shares. If you are a record holder, we have provided these proxy materials directly to you.

If your shares are held in a stock brokerage account, or with a bank or other holder of record, you are considered the beneficial owner of those shares held in street name. If your shares are held in street name, these proxy materials have been forwarded to you by your bank or broker. As the beneficial owner, you have the right to instruct that organization on how to vote your shares.

*What is a broker non-vote?*

If your shares are held in street name through a bank, broker or other nominee, you must provide voting instructions to that organization. If you do not provide voting instructions, the organization may vote in its discretion on routine proposals, but not on non-routine proposals, which is called a broker non-vote. Only Proposal 3, Ratification of Selection of Independent Auditors, is a routine proposal.

*How are abstentions and broker non-votes treated?*

Abstentions and broker non-votes are not treated as votes cast with respect to any of the proposals on the agenda, so they will not have an effect on the outcome of the proposals.

*What constitutes a quorum?*

To conduct business at our Annual Meeting, we must have a quorum of stockholders present. A quorum is present when a majority of the outstanding shares of stock entitled to vote, as of the record date, are represented in person or by proxy. Broker non-votes and abstentions will be counted toward the establishment of the quorum.

*How can I submit my vote?*

There are four methods you can use to vote: by internet, by telephone, by mail or in person. Submitting your proxy by internet, telephone or mail will not affect your right to attend the Annual Meeting and change your vote. Unless you are voting in person, your vote must be received by 11:59 p.m. Eastern Time on May 9, 2019.

Method	Record Holder	Beneficial Owner
<b>Internet</b>	Have your proxy card available and log on to <a href="http://www.proxyvote.com">www.proxyvote.com</a> .	If your bank or broker makes this method available, the instructions will be included with the proxy materials.
<b>Telephone</b>	Have your proxy card available and call (800) 690-6903 from a touchtone telephone anywhere (toll free only in the United States).	If your bank or broker makes this method available, the instructions will be included with the proxy materials.



<b>Mail Your Proxy Card</b>	Mark, date, sign and promptly mail the enclosed proxy card in the postage-paid envelope provided for mailing in the United States.	Mark, date, sign and promptly mail the voting instruction form provided by your bank or broker in the postage-paid envelope provided for mailing in the United States.
<b>In Person</b>	You may vote by ballot in person at the Annual Meeting.	Obtain proof of stock ownership as of the record date and a valid legal proxy from the organization that holds your shares and attend the Annual Meeting.

---

PART VI - GENERAL INFORMATION | MASCO 2019

*How many votes are needed for each proposal to pass?*

All of the matters to be considered at our Annual Meeting require the approval of a majority of the votes that are actually cast.

Our Bylaws provide that, in uncontested elections, directors are elected if the majority of votes cast FOR each nominee exceed the votes cast AGAINST such nominee. Proxies cannot be voted for a greater number of persons than the number of nominees named. Each director nominee will provide to us an irrevocable resignation if the majority of the votes cast are against him or her. The resignation will be effective within 90 days after the election results are certified, if the Board (excluding nominees who did not receive a majority of votes for their election) accepts the resignation, which it will do in the absence of a compelling reason otherwise.

If you are the stockholder of record, and you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this proxy statement, and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the meeting.

*Is my proxy revocable?*

You may revoke your proxy before it is exercised by voting in person at the Annual Meeting, by timely delivering a subsequent proxy or by notifying us in writing of such revocation to the attention of Kenneth G. Cole, Secretary, at 17450 College Parkway, Livonia, Michigan 48152 before your proxy is voted. Unless you revoke your proxy in person at the meeting, your revocation must be received by 11:59 P.M. Eastern Time on May 9, 2019.

*Who is paying for the expenses involved in preparing and mailing this proxy statement?*

We are paying the expenses involved in preparing, assembling and mailing these proxy materials and all costs of soliciting proxies. Our executive officers and other employees may solicit proxies, without additional compensation, personally and by telephone and other means of communication. In addition, we have retained Morrow Sodali LLC, 470 West Avenue, Third Floor, Stamford, Connecticut 06902, to assist in the solicitation of proxies for a fee of \$12,000, plus expenses. If you have questions about voting your shares, you may call Morrow Sodali LLC, at (877) 787-9239 (for individual stockholders) or (203) 658-9400 (for banks and brokerage firms). We will reimburse brokers and other persons holding our common stock in their names or in the names of their nominees for their reasonable expenses in forwarding proxy materials to beneficial owners.

*What happens if additional matters are presented at the Annual Meeting?*

Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Messrs. Allman and Cole, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting. If for any reason any of our director nominees is not available as a candidate, Messrs. Allman and Cole may vote your shares for another candidate (or candidates) who may be nominated by the Board, or the Board may reduce its size.

*What is householding and how does it affect me?*

The proxy rules of the SEC permit companies and intermediaries, such as brokers and banks, to satisfy proxy statement delivery requirements for two or more stockholders sharing an address by delivering one

**MASCO 2019 | PART VI - GENERAL INFORMATION**

proxy statement to those stockholders. This procedure, known as householding, reduces the amount of duplicate information that stockholders receive and lowers our printing and mailing costs.

We have been notified that certain intermediaries will use householding for our proxy materials and our 2018 Annual Report. Therefore, only one proxy statement and 2018 Annual Report may have been delivered to your address if multiple stockholders share that address. Stockholders who wish to opt out of this procedure and receive separate copies of the proxy statement and annual report in the future, or stockholders who are receiving multiple copies and would like to receive only one copy, should contact their bank, broker or other nominee or us at the address and telephone number below.

We will promptly send a separate copy of the proxy statement for the Annual Meeting or 2018 Annual Report if you send your request to [webmaster@mascohq.com](mailto:webmaster@mascohq.com), call our Investor Relations Department at (313) 792-5500, or if you write to Investor Relations, Masco Corporation, 17450 College Parkway, Livonia, Michigan 48152.

*Our Website*

We maintain a website at [www.masco.com](http://www.masco.com). The information on our website is not a part of this proxy statement, and it is not incorporated into any other filings we make with the SEC.

PART VI - GENERAL INFORMATION | MASCO 2019

If you wish to submit a proposal to be considered at the 2020 Annual Meeting, you must comply with the following procedures. Any communication to be made to our Secretary as described below should be sent to: Kenneth G. Cole, Secretary, Masco Corporation, 17450 College Parkway, Livonia, Michigan 48152.

**PROXY STATEMENT PROPOSAL**

If you intend to present proposals to be included in our proxy statement for our 2020 Annual Meeting, you must give written notice of your intent to our Secretary on or before December 1, 2019 (120 calendar days prior to the anniversary of our mailing this proxy statement). The proposals must comply with SEC regulations under Rule 14a-8 for including stockholder proposals in a company's materials.

**MATTER FOR ANNUAL MEETING AGENDA**

If you intend to bring a matter before next year's meeting, other than by submitting a proposal to be included in our proxy statement, we must receive notice in accordance with our Bylaws, which state that our Secretary must receive your notice no earlier than January 12, 2020 and no later than February 11, 2020. For each matter you intend to bring before the meeting, your notice must include a brief description of the business to be brought before the meeting; the text of the proposal or business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the Bylaws, the language of the proposed amendment); the reasons for conducting the business at the meeting and any material interest you may have in such business; your name and address as it appears in our records; the number of shares of our common stock you own; a representation that you are a holder of record of shares of our stock entitled to vote at such meeting and you intend to appear in person or by proxy at the meeting to propose such business; and a representation as to whether you are part of a group that intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding common stock required to approve or adopt such proposal, or if you intend to otherwise solicit proxies from stockholders in support of your proposal.

**DIRECTOR CANDIDATE NOMINATION**

If you wish to nominate director candidates for election to the Board at the 2020 Annual Meeting, you must submit the following information required by our Certificate of Incorporation to our Secretary no later than February 14, 2020: your name and address and the name and address of the person(s) to be nominated; a representation that you are a holder of record of shares of our common stock entitled to vote at such meeting and you intend to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice; a description of all arrangements or understandings between you and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination(s) is or are to be made by you; other information regarding each nominee you are proposing, as would have been required to be included in a proxy statement filed pursuant to the SEC's proxy rules if the nominee had been nominated by the Board of Directors; and the written consent of each nominee to serve as our director if elected. In addition, our Bylaws require that the notice of intent to make a nomination shall be accompanied by a statement whether each nominee, if elected, intends to tender, promptly following such election, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon the Board of Directors' acceptance of such resignation. Our Bylaws also state that a stockholder seeking to make a nomination before an annual meeting shall promptly provide to us any other information we reasonably request.



**MASCO 2019 | PART VI - GENERAL INFORMATION**

The Board of Directors knows of no other matters to be voted upon at the Annual Meeting. If any other matters properly come before the Annual Meeting, the proxy holders named in the enclosed proxy will have discretionary authority to vote the shares represented by the proxy in their discretion with respect to such matters.

By Order of the Board of Directors,

**Kenneth G. Cole**

*Vice President, General Counsel and Secretary*

Livonia, Michigan

March 29, 2019

---

**MASCO CORPORATION**

**17450 COLLEGE PARKWAY**

**LIVONIA, MI 48152**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on Thursday, May 9, 2019. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs we incur in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on Thursday, May 9, 2019. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E65961-P17917

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED  
AND DATED.**

**MASCO CORPORATION**

**The Board of Directors recommends you vote FOR  
the following:**

1. Election of Directors **For Against Abstain**



1a. Marie A.  
Ffolkes

1b. Donald  
R. Parfet

1c. Lisa A.  
Payne

1d. Reginald  
M. Turner

**The Board of Directors recommends you vote FOR the following proposals:**

**For   Against   Abstain**

2. To approve, by non-binding advisory vote, the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and the related materials disclosed in the Proxy Statement.

3. To ratify the selection of PricewaterhouseCoopers LLP as independent auditors for the Company for 2019.

**NOTE:** In their discretion, the proxy holders are authorized to vote upon such other matters that may come before the meeting or any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

E65962-P17917

**MASCO CORPORATION**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE**

**ANNUAL MEETING OF STOCKHOLDERS**

**MAY 10, 2019**

The undersigned stockholder(s) hereby appoint(s) Keith J. Allman and Kenneth G. Cole, or either of them, as proxy holders, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this proxy, all of the shares of Common Stock of MASCO CORPORATION that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 9:30 A.M. Eastern Time on Friday, May 10, 2019, at the corporate offices of the Company at 17450 College Parkway, Livonia, Michigan 48152, and any adjournment or postponement thereof, and to vote in their discretion on any other matters that may come before the meeting or any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED IN PROPOSAL 1 AND FOR PROPOSALS 2 AND 3.**

**This proxy is revocable and the undersigned may revoke it at any time prior to the Annual Meeting by giving written notice of such revocation to the Secretary of the Company or by filing with the Secretary of the Company a later-dated proxy. Should the undersigned be present and want to vote in person at the Annual Meeting, or at any postponement or adjournment thereof, the undersigned may revoke this proxy by giving written notice of such revocation to the Secretary of the Company on a form provided at the meeting. The undersigned hereby acknowledge(s) prior receipt of a Notice of Annual Meeting of Stockholders of the Company called for May 10, 2019, the Proxy Statement for the Annual Meeting and the 2018 Annual Report to Stockholders.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.**

**Continued and to be signed on reverse side**