MASCO CORP /DE/
Form S-4/A
November 18, 2004

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 18, 2004

REGISTRATION NO. 333-120452

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MASCO CORPORATION
(Exact name of Registrant as Specified in Its Charter)

DELAWARE	3430	38-1794485
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Emplo Identification

21001 VAN BORN ROAD
TAYLOR, MI 48180
(313) 274-7400
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

JOHN R. LEEKLEY
SENIOR VICE PRESIDENT AND GENERAL COUNSEL
MASCO CORPORATION
21001 VAN BORN ROAD
TAYLOR, MI 48180
(313) 274-7400
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

COPIES TO:

BRUCE K. DALLAS
DAVIS POLK & WARDWELL
1600 EL CAMINO REAL
MENLO PARK, CALIFORNIA 94025
(650) 752-2000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] ____________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT CONSUMMATE THE EXCHANGE OFFER UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

(SUBJECT TO COMPLETION, DATED NOVEMBER 18, 2004)

PROSPECTUS

MASCO CORPORATION
OFFER TO EXCHANGE
ZERO COUPON CONVERTIBLE SENIOR NOTES, SERIES B DUE 2031 FOR
ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031

THE EXCHANGE OFFER

Masco Corporation is offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, our newly issued Zero Coupon Convertible Senior Notes, Series B due 2031, which we refer to as the new notes, for validly tendered and accepted Zero Coupon Convertible Senior Notes due 2031, which we refer to as the old notes.

- Tenders of old notes may be withdrawn at any time before midnight, New York City time, on the expiration date of the exchange offer.

- The exchange offer expires at midnight, New York City time, on December 17, 2004, which date we refer to as the expiration date, unless earlier terminated or extended by us.

- As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of $1.25 per $1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.

THE NEW NOTES

- Comparison: The terms of the new notes differ from the terms of the old notes in the following ways:

  - The new notes are convertible into cash and, at our option, in part in shares of our common stock having a combined aggregate value equal to the conversion rate multiplied by the applicable stock price described herein, subject to adjustment, under the circumstances and during the periods described herein. The old notes are convertible only into common stock.

  - The conversion rate for the new notes will be adjusted, subject to certain limitations, for cash dividends or distributions on shares of our common stock declared on or before January 20, 2007. The old notes have a more limited dividend protection feature.

  - The new notes contain a change of control make whole under which the conversion rate will be adjusted for conversions in connection with a change of control or, if such change of control constitutes a public acquirer change of control, we may elect to modify the conversion obligation as described in this prospectus. The old notes do not contain a change of control make whole.

- Maturity: The new notes will mature on July 20, 2031.

- Yield to Maturity: Except under circumstances described below, we will not pay cash interest on the new notes prior to maturity. Instead, on the maturity date of the new notes, holders will receive $1,000 for each $1,000 principal amount at maturity of the notes. Each new note will be issued at an initial principal amount of $438.54 per $1,000 principal amount at maturity which represents a yield to maturity of 3.125% per year calculated from December 20, 2004.

  - Optional Conversion to Cash Pay Notes Upon Tax Events: If certain tax-related events were to occur and we so elect, the new notes will cease to accrete, and cash interest will accrue at a rate of 3.125% per annum on the restated principal amount and be payable semi-annually in arrears.

  - Contingent Interest: Commencing January 20, 2007, we will pay contingent interest to the holders of new notes during specified six-month periods if the average market price of a new note for the five trading days ending on the second trading day immediately preceding the relevant six-month period equals 120% or more of the accreted value of a new note on the day immediately preceding the relevant six-month period.

- Optional Redemption: We may redeem all, but not part of, the new notes prior to January 25, 2007 only if our common stock price reaches 130% of the applicable conversion price for a specified time period. We may, at any time on or after January 25, 2007, redeem the new notes for cash in an amount equal to the accreted value of the new notes.

- Optional Repurchase: Holders may require us to purchase the new notes on the following dates at the following prices: January 20, 2005 at $439.67;

January 20, 2007 at $467.80; July 20, 2011 at $537.85; July 20, 2016 at $628.06; July 20, 2021 at $733.39; and July 20, 2026 at $856.38.

SEE "RISK FACTORS" BEGINNING ON PAGE 12 FOR A DISCUSSION OF RISK FACTORS THAT SHOULD BE CONSIDERED BY YOU PRIOR TO TENDERING YOUR OLD NOTES IN THE EXCHANGE OFFER.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The co-dealer managers for the exchange offer are:

CITIGROUP MERRILL LYNCH & CO.

November , 2004

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this prospectus and in the documents we incorporate by reference, we state our views about our future performance. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in such forward-looking statements. We have no obligation to update any forward-looking statements as a result of new information, future events or otherwise.

Factors that affect our results of operations include the levels of home improvement and residential construction activity principally in North America and Europe (including repair, remodeling and new construction), our ability to effectively manage our overall cost structure, fluctuations in European currencies (primarily the euro and British pound), the importance of and our relationships with home centers (including The Home Depot, which represented approximately 23 percent of our sales in 2003) as distributors of home improvement and building products, and our ability to maintain our leadership positions in our markets in the face of increasing global competition. Historically, we have been able to largely offset cyclical declines in housing markets through new product introductions and acquisitions as well as market share gains. Additional factors that may significantly affect our performance are discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Current Report on Form 8-K filed with the SEC on November 12, 2004 (which supersedes the corresponding sections in our Annual Report on Form 10-K for the year ended December 31, 2003) and in our Quarterly Reports on Form 10-Q that are on file with the SEC as well as under the heading "Risk Factors" in this prospectus.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS AND IN MATERIAL WE FILE WITH THE SEC. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT.

SUMMARY

This summary highlights information contained, or incorporated by reference, in this prospectus. It is qualified in its entirety by the more detailed information contained, or incorporated by reference, in this prospectus. You should read the full text of, and consider carefully the more specific details contained, or incorporated by reference, in this prospectus before you decide whether to tender your old notes in the exchange offer. In addition, you should carefully consider the information set forth or referred to under the heading "Risk Factors." Unless the context otherwise requires, the terms "Masco," the "Company," "we" and "our" refer to Masco Corporation, a Delaware corporation, and its predecessors and subsidiaries.

MASCO CORPORATION

Masco Corporation manufactures, sells and installs home improvement and building products, with emphasis on brand name products and services holding leadership positions in their markets. Masco is among the largest manufacturers in North America of brand name consumer products designed for the home improvement and home construction markets. Our business segments are: cabinets and related products; plumbing products; installation and other services; decorative architectural products; and other specialty products.

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

THE EXCHANGE OFFER

Purpose of the Exchange Offer........................	The purpose of this exchange offer is to change certain of the terms of the old notes, including the type of consideration we will use to pay holders of old notes who convert their old notes. We believe this will reduce the likelihood of dilution to our shareholders. For

	a more detailed description of these changes, see the section of this prospectus entitled "Summary -- Material Differences Between the Old Notes and the New Notes."
The Exchange Offer............	We are offering to exchange $1,000 principal amount at maturity of new notes for each $1,000 principal amount at maturity of old notes accepted for exchange.
Conditions to the Exchange Offer.........................	The exchange offer is subject to certain customary conditions, including that the registration statement and any post-effective amendment to the registration statement covering the new notes be effective under the Securities Act of 1933, as amended. See the section of this prospectus entitled "The Exchange Offer -- Conditions to the Exchange Offer."
Expiration Date...............	The exchange offer will expire at midnight, New York City time, on December 17, 2004, which date we refer to as the expiration date, unless extended or earlier terminated by us. We may extend the expiration date for any reason. If we decide to extend it, we will announce such extension by press release or other permitted means no later than 9:00 a.m., New York City time, on the business day after the scheduled expiration of the exchange offer.
Tenders of Old Notes; Withdrawals of Tenders........	In order to tender old notes, you will need to follow the instructions in this prospectus on how to instruct the broker or other third party through whom you hold your notes to tender the old notes on your behalf, as well as submit a letter of transmittal and the other

	documents described in this prospectus. We will determine in our sole discretion whether any old notes have been properly tendered. Please carefully follow the instructions contained in this prospectus on how to tender your old notes.
	Tenders of old notes may be withdrawn in writing at any time prior to midnight, New York City time, on the expiration date.
	Please see pages 21 through 27 for instructions on how to exchange your old notes for new notes.
Acceptance of Old Notes.......	We will accept all old notes validly tendered and not withdrawn as of the expiration date and will issue the new notes promptly after the

	expiration date, upon the terms and subject to the conditions in this prospectus and the letter of transmittal. We will accept old notes for exchange after the exchange agent has received a timely book-entry confirmation of transfer of old notes into the exchange agent's DTC account and a properly completed and executed letter of transmittal. Our oral or written notice of acceptance to the exchange agent will be considered our acceptance of all validly tendered old notes in the exchange offer. We will return any old notes not accepted for exchange without expense to you promptly after the termination or withdrawal, if any, of the exchange offer.
Amendment of the Exchange Offer.........................	We reserve the right to interpret or modify the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which old notes may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.
Use of Proceeds...............	We will not receive any cash proceeds from this exchange offer. Old notes that are validly tendered and exchanged for new notes pursuant to the exchange offer will be canceled.
Fees and Expenses of the Exchange Offer................	We estimate that the approximate total cost of the exchange offer, assuming all of the old notes are exchanged for new notes, will be approximately $2.6 million.
Material United States Tax Consequences..................	The U.S. federal income tax consequences of the exchange offer and the ownership and disposition of the new notes are not entirely clear. We intend to take the position that the modifications to the old notes resulting from the exchange of old notes for new notes should not constitute a significant modification of the old notes for tax purposes. If, consistent with our position, the exchange of old notes for new notes does not constitute a significant modification of the old notes, the new notes should be treated as a continuation of the old notes, and there should be no U.S. federal income tax consequences to a holder who exchanges old notes for new notes pursuant to the exchange offer (except with respect to the exchange fee). If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ. See the section of this prospectus entitled "Material United States Tax Consequences" beginning on page 50.

2

Dealer Managers...............	Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the co-dealer managers for this exchange offer. Their addresses and telephone numbers are located on the back cover of this prospectus.
Exchange Agent................	J.P. Morgan Trust Company, National Association is the exchange agent for this exchange offer. Its address and telephone numbers are located on the back cover of this prospectus.

3

MATERIAL DIFFERENCES BETWEEN THE OLD NOTES AND THE NEW NOTES

The material differences between the old notes and the new notes are illustrated in the table below. The table below is qualified in its entirety by the information contained in this prospectus and the documents governing the old notes and the new notes, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part. For a more detailed description of the new notes, see the section of this prospectus entitled "Description of the New Notes." On November 2, 2004, we amended the indenture governing the old notes to remove our right to deliver shares of our common stock upon the exercise by holders of their right to require us to purchase the old notes on certain dates.

	OLD NOTES	NEW NOTES
Accreted Value...	The accreted value of the old notes on December 20, 2004 will be $438.54 per $1,000 principal amount at maturity, and such old notes will continue to accrete at a rate of 3.125% per year (computed on a semi-annual bond equivalent basis).	The accreted value of the new notes on any date will be identical to that of the old notes. As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of $1.25 per $1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.
Settlement upon Conversion.......	Upon conversion of the old notes, we will deliver shares of our common stock at the applicable conversion rate.	Upon conversion of the new notes, we will deliver, in respect of each $1,000 principal amount at maturity of new notes: - cash in an amount (the "principal return") equal to the lesser of (1) the accreted value of each new note to be converted and (2) the "conversion value," which is equal to (a) the applicable conversion rate, multiplied by (b) the applicable stock price, as defined under "Description of

the New Notes -- Conversion Settlement," and
- if the conversion value is greater than the accreted value of each new note, a number of shares of our common stock (the "net shares") equal to the sum of the daily share amounts, calculated as described under "Description of the New Notes -- Conversion Settlement"; provided that, at our option, we may deliver cash or a combination of cash and shares of our common stock equal to the value of the net shares.

	OLD NOTES	NEW NOTES
Conversion Rate Adjustments for Cash Dividends...	The conversion rate will only be adjusted for cash dividends to the extent that the aggregate amount of cash dividends per share of our common stock ("excess dividends") in any twelve month period exceeds 10% of the closing sale price per share of common stock on the date preceding the date of declaration of such cash dividend, provided, however, that no adjustment to the conversion rate will be made in respect of any such dividends that are paid during any period for which we are paying contingent interest to holders. The formula for adjusting the conversion rate upon any such dividend is: $CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$ where, CR(0) = the conversion rate in effect immediately prior to the record date for such dividend; CR(1) = the conversion rate in effect immediately after the ex dividend date for such dividend; SP(0) = the closing sale price per share of our common stock on the	Until January 20, 2007, the conversion rate will be adjusted for any cash dividend or other distribution consisting exclusively of cash made to all holders of our common stock based on the following formula: $CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$ where, CR(0) = the conversion rate in effect immediately prior to the record date for such dividend; CR(1) = the conversion rate in effect immediately after the ex dividend date for such cash dividend or distribution; SP(0) = the average of the closing sale prices of our common stock the ten consecutive trading days prior to the trading day immediately preceding the ex dividend date of such cash dividend or distribution; and ED = the amount by which such cash dividend or distribution together with all other such cash dividends or distributions made during the fiscal quarter (and

	date preceding the date of declaration of such cash dividend; and ED = the amount of such excess dividends.	for which no adjustment has been made), exceeds \$0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of our common stock). On and after January 20, 2007, the conversion rate adjustments for cash dividends will be the same as the old notes.

5

	OLD NOTES	NEW NOTES
Make Whole Amount and Change of Control..........	Holders of old notes will have the right to convert notes upon the occurrence of a fundamental change at the applicable conversion rate. There is no adjustment to the conversion rate upon any such event. The right of holders to require us to purchase such holder's old notes upon a fundamental change lapsed on July 20, 2002.	Holders of new notes will have the right to convert notes upon the occurrence of a change of control. If certain transactions that constitute a change of control occur on or prior to January 20, 2007, under certain circumstances, we will increase the conversion rate by a number of additional shares for any conversion of new notes in connection with such transactions, as described under "Description of New Notes -- Make Whole Amount and Change of Control." The amount of additional shares will be determined based on the date such transaction becomes effective and the price paid per share of our common stock in such transaction. However, if such transaction constitutes a public acquirer change of control, in lieu of increasing the conversion rate, we may elect to adjust our conversion obligation such that upon conversion of the new notes, we will deliver cash and acquirer common stock as described under "Description of New Notes -- Make Whole Amount and Change of Control."
Calculation of Earnings per Share............	The full number of shares underlying the old notes will be reflected in our diluted earnings per share, whether or not the old notes may be converted pursuant to their terms.	The number of shares of our common stock deemed to be outstanding for the purpose of calculating diluted earnings per share will not be increased unless the closing sale price of our common stock exceeds

the base conversion price of the new notes and whenever the closing sale price of our common stock exceeds the base conversion price, the number of dilutive shares will be determined by the formula described below.

$$\left[\frac{(\text{closing sale price on the last trading day of the applicable reporting period} \times \text{applicable conversion rate}) - \text{accreted value}}{\text{closing sale price on the last trading day of the applicable reporting period}}\right] \times \text{the}$$

THE NEW NOTES

New Notes.....................	Up to $1,874,978,000 principal amount at maturity of Zero Coupon Convertible Senior Notes, Series B Due 2031. We will not pay cash interest on the new notes prior to maturity, other than as described below under "Description of the New Notes -- Optional Conversion to Semi-Annual Cash Pay Notes upon Tax Event." Each new note will be issued at an initial principal amount of $438.54 with a principal amount at maturity of $1,000.
Maturity.....................	July 20, 2031.
Yield to Maturity of New Notes........................	The accreted value of the notes on December 20, 2004 will be $438.54 per $1,000 principal amount at maturity and the notes will accrete at a value of 3.125% per year (computed on a semi-annual bond equivalent basis) from an initial principal amount of $438.54 to $1,000 principal amount at maturity. If certain tax-related events were to occur and we so elect, the new notes will cease to accrete, and cash interest will accrue at a rate of 3.125% per annum on the restated principal amount and be payable semi-annually in arrears.
Exchange Fee..................	As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of $1.25 per principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.
Conversion Rights............	Holders may convert their new notes at any time prior to the close of business on July 20, 2031

if any of the "conversion conditions" listed below are satisfied.

For each new note of $1,000 principal amount at maturity converted, we will deliver cash and shares of our common stock, if any, to be received by tendering holders as described in "-- Settlement Upon Conversion" below.

Your right to surrender new notes for conversion will expire at the close of business on July 20, 2031.

The conversion rate may be adjusted under certain circumstances, but will not be adjusted for increases in accreted value.

The "conversion conditions" are as follows:

- the average per share sale price of our common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 119% and declining 1/3% each year thereafter until it reaches 110 1/3% for the year beginning July 20, 2030, of the accreted value of a new note, divided by the conversion rate;

- the credit rating assigned to the new notes by either Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Group ("S&P") is reduced to below investment grade, as defined;

- we call the new notes for redemption;

- we make specified distributions to our shareholders; or

- we become a party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash, securities or other property.

Settlement upon Conversion.... Subject to certain exceptions, at the time the new notes are tendered for conversion, the aggregate value (the "conversion value") of the

cash and shares of our common stock, if any, to be received by the tendering holders will be determined by multiplying the applicable conversion rate by the applicable stock price. Upon conversion of new notes, we will deliver the conversion value for each $1,000 principal amount at maturity of new notes as follows:

- cash in an amount (the "principal return") equal to the lesser of (1) the accreted value of each new note to be converted and (2) the conversion value, and

- if the conversion value is greater than the applicable accreted value of each new note, a number of shares of our common stock (the "net shares") equal to the sum of the daily share amounts, calculated as described under "Description of the New Notes -- Conversion Settlement" below; provided that, at our option, we may deliver cash or a combination of cash and shares of our common stock with a value equal to the net shares.

We will pay the principal return and cash for fractional shares and deliver net shares no later than the third business day following the determination of the applicable stock price.

Conversion Rate Adjustments for Cash Dividends............ Until January 20, 2007, the conversion rate will be adjusted for any dividend or other distribution consisting exclusively of cash made to all holders of our common stock based on the following formula:

$$CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$$

where,

CR(0) = the conversion rate in effect immediately prior to the record date for such cash dividend or distribution;

CR(1) = the conversion rate in effect immediately after the ex dividend date for such cash dividend or distribution;

SP(0) = the average of the closing sale prices of our common stock for the ten consecutive trading days prior to the trading day immediately preceding the ex dividend date of such cash dividend or distribution; and

ED = the amount by which such cash dividend or distribution together with all other such cash dividends or distributions made during the fiscal quarter (and for which no adjustment has been made), exceeds $0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of our common stock).

Contingent Interest........... We will pay contingent interest to the holders of new notes during any six-month period from January 20 to July 19 and from July 20 to January 19, commencing January 20, 2007, if the average market price of a new note for the five trading days ending on the second trading day immediately preceding the beginning of the relevant six-month period equals 120% or more of the accreted value of such note on the day immediately preceding the beginning of the relevant six-month period. The amount of contingent interest payable per new note in respect of any six-month period will equal the greater of

8

(1) cash dividends paid by us per share on our common stock during that six-month period multiplied by the number of shares of common stock equal to the sum of (A) the number of shares of common stock with a value equal to the principal return on such date and (B) the net share amount and (2) 0.125% of such average market price of a new note for the five-trading-day period referred to above.

Optional Redemption........... Prior to January 25, 2007, we may redeem all but not part of the new notes, at their accreted value, only if the closing price for our common stock on the New York Stock Exchange exceeds the conversion price of the new notes, as defined in this prospectus, by 130% for a specified period of time. We may, at any time on or after January 25, 2007, redeem for cash all or a portion of the new notes at their accreted value. Indicative redemption conditions and prices are set forth in this prospectus beginning on page 36.

Purchase of New Notes by Us at the Option of the Holder...... Holders may require us to purchase their new notes for cash on any one of the following dates at the following prices:

- On January 20, 2005 at a price of $439.67 per new note;
- On January 20, 2007 at a price of $467.80 per new note;
- On July 20, 2011 at a price of $537.85 per new note, plus accrued and unpaid contingent interest, if any;
- On July 20, 2016 at a price of $628.06 per new note, plus accrued and unpaid contingent interest, if any;
- On July 20, 2021 at a price of $733.39 per new note, plus accrued and unpaid contingent interest, if any; and

- On July 20, 2026 at a price of $856.38 per new note plus accrued and unpaid interest, if any.

Optional Conversion to Semi-Annual Cash Pay Notes upon a Tax Event..............

From and after the occurrence of a Tax Event, as defined in this prospectus, at our option, the new notes will cease to accrete, and cash interest will accrue on each new note from the date on which we exercise such option at the rate of 3.125% per year on the restated principal amount (i.e., the accreted value of the new note on the later of the date of the Tax Event and the date we exercise such option) and shall be payable semi-annually on the interest payment dates of January 20 and July 20 of each year to holders of record at the close of business on each regular record date immediately preceding such interest payment date. Interest will be computed upon a 360-day year comprised of twelve 30-day months and will initially accrue from the option exercise date, as defined in this prospectus, and thereafter from the last date to which interest has been paid. In such an event, the redemption prices will be adjusted as described herein. However, there will be no changes in a holder's conversion rights.

Make Whole Amount and Change of Control...................

If certain transactions that constitute a change of control occur on or prior to January 20, 2007, under certain circumstances, we will

increase the conversion rate by a number of additional shares for any conversion of new notes in connection with such transactions, as described under "Description of the New Notes -- Make Whole Amount and Change of Control."

The amount of additional shares will be determined based on the date such transaction becomes effective and the price paid per share of our common stock in such transaction. A description of how the additional shares will be determined and a table showing the additional shares that would apply at various stock prices and change of control effective dates based on assumed interest and conversion rates are set forth under "Description of the New Notes -- Make Whole Amount and Change of Control." No additional shares will be added to the conversion rate if the stock price is less than $25.51 per share or if the stock price exceeds $50.00 per share, subject to adjustment.

	If such transaction constitutes a public acquirer change of control, in lieu of increasing the conversion rate, we may elect to adjust our conversion obligation such that upon conversion of the new notes, we will deliver cash and acquirer common stock as described under "Description of the New Notes -- Make Whole Amount and Change of Control."
Ranking.......................	These notes are Masco's general obligations and will not be secured by any collateral. Your right to payment under the new notes will be: - junior to the rights of Masco's secured creditors to the extent of their security in Masco's assets; - equal with the rights of creditors under Masco's other unsecured unsubordinated debt, including our old notes and revolving credit facility; and - senior to the rights of creditors under debt expressly subordinated to the new notes
Sinking Fund..................	None.
Material United States Tax Consequences..................	Each holder will agree, for U.S. federal income tax purposes, to treat the new notes as "contingent payment debt instruments" and to be bound by our application of the Treasury Regulations that govern contingent payment debt instruments, including our determination that the rate at which interest will be deemed to accrue for federal income tax purposes will be 8.125% compounded semi-annually, which was, at the time of the issuance of the old notes, the rate comparable to the rate at which we would have borrowed on a noncontingent, nonconvertible borrowing with terms and conditions otherwise comparable to the old notes (including the rank, term and general market conditions). Accordingly, each U.S. holder will be subject to federal income tax consequences that are consistent with the description of the contingent payment debt instrument regulations contained in the registration statement relating to the old notes. See the section of this prospectus entitled "Material United States Tax Consequences" beginning on page 50.

Certain Covenants............	We will issue the new notes under the indenture referred to in "Description of the New Notes" as the Senior Debt Indenture. For a description

	of certain covenants or restrictions under the indenture, see "Description of the New Notes -- Covenants Restricting Pledges, Mergers and Other Significant Corporate Actions."
Global Securities............	The new notes will be issued only in book-entry form, which means that they will be represented by one or more permanent global securities registered in the name of The Depository Trust Company. The global securities will be deposited with the trustee as custodian for the Depositary.
Listing......................	Our common stock is listed on the New York Stock Exchange under the symbol "MAS." We will apply for listing of the new notes on the New York Stock Exchange.

RISK FACTORS

Before tendering any old notes in the exchange offer, you should carefully consider the following risks, together with all of the other information contained, or incorporated by reference, in this prospectus. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected.

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, the risk factors set forth below. See also "Special Note Regarding Forward-Looking Statements" above.

RISKS RELATED TO OUR BUSINESS

WE CANNOT ASSURE YOU THAT OUR GROWTH STRATEGIES WILL BE SUCCESSFUL.

While the Company's current strategy emphasizes organic growth, historically mergers and acquisitions have historically contributed significantly to our long-term growth, after the initial impact on earnings of transaction-related costs and expenses such as interest and added depreciation and amortization. Successful strategic acquisitions require the integration of operations and management and other efforts to realize the benefits that may be available to us following the acquisition. Although we believe that we have been successful in doing so in the past, we can give no assurance that we will continue to be able to identify, acquire and integrate successful strategic acquisitions in the future or be able to implement successfully our operating and growth strategies within our existing markets or with respect to any future product or geographic diversification efforts.

OUR BUSINESS HAS BEEN AFFECTED BY ECONOMIC WEAKNESS AND BUSINESS CONDITIONS.

Factors that affect our results of operations include the levels of home improvement and residential construction activity, principally in North America and Europe (including repair and remodeling and new construction), our ability to effectively manage our overall cost structure, fluctuations in European currencies (primarily the euro and British pound), and our ability to maintain our leadership positions in our markets in the face of increasing global competition. Historically, we have been able largely to offset cyclical declines in housing markets through new product introductions and acquisitions as well as market share gains. The Company's current strategy emphasizes organic growth rather than acquisitions. We can give no assurance that we will be able to offset these cyclical declines in the future.

WE RELY ON OUR KEY CUSTOMERS.

Our relationships with home centers are important to us. Direct sales of our product lines to home center retailers have increased substantially in recent years and, in 2003, sales to our largest customer, The Home Depot, were $2.5 billion (approximately 23 percent). Although builders, dealers and other retailers represent other channels of distribution for our products, we believe that the loss of a substantial portion of our sales to The Home Depot would have a material adverse impact on our company.

OUR INTERNATIONAL BUSINESS HAS SPECIAL RISKS.

Our international operations outside of North America, principally in Europe, are subject to political, monetary, economic and other risks attendant generally to international businesses. These risks generally vary from country to country. Results of existing European operations have been adversely influenced in recent years, in part due to softness in our European markets, competitive pricing pressures on certain products, the effect of a higher percentage of lower margin sales to total European sales and fluctuating U.S. dollar exchange rate.

OUR MARKETS ARE HIGHLY COMPETITIVE.

The major markets for our products are highly competitive. Competition in all of our product lines is based primarily on performance, quality, style, delivery, customer service and price, with the relative importance of such factors varying among product categories.

WE HAVE FINANCIAL COMMITMENTS AND INVESTMENTS IN FINANCIAL ASSETS.

As part of our acquisition strategy we often structure acquisition and other transactions to provide, in addition to the consideration paid at closing, contingent consideration to be paid in cash or stock if specified conditions are met. These conditions may include the operating performance of the acquired business in the case of an acquisition, the price of our common stock, or both. In addition to possibly increasing the consideration we ultimately pay for an acquisition, these conditions may also affect the number of contingently issuable shares that are included in our periodic computation of diluted earnings per common share, the amount of our accrued liabilities and our results of operations.

We also maintain investments in a number of private equity funds and in marketable securities. These investments are generally carried as long-term assets on our balance sheet. We record investments in marketable securities at fair value, which is subject to adjustment based on market fluctuations. Unrealized losses that do not represent other-than-temporary declines in fair value and unrealized gains are recognized, net of taxes, through shareholders' equity as a component of other comprehensive income. Realized gains and losses and charges for other-than-temporary declines in fair value are included in other income.

Our investments in private equity funds have no readily ascertainable market value. These equity funds may invest in transactions that have an above average degree of financial leverage or business risk. Our investments in these funds are carried at cost and are periodically evaluated for impairment or when circumstances indicate an impairment may exist. Income and gains, net realized from these investments are included in other income when distributed or received. In addition, we have commitments that may require us to contribute additional capital to these private equity funds.

WE ARE IN THE PROCESS OF EVALUATING OUR INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 404 OF THE SARBANES-OXLEY ACT OF 2002.

We are in the process of evaluating our internal control system over financial reporting in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Because of our historical growth through acquisition and our decentralized organizational structure with over 50 reporting units and over 600 operating locations worldwide, we estimate that we have well in excess of 20,000 key controls over financial reporting. As part of this initiative, we have invested a substantial amount of time and resources in documenting and testing our system of internal control. During the course of this comprehensive process, we and our independent auditors have identified control deficiencies. We have corrected a number and we are remediating others of these control deficiencies. However, there can be no assurance that one or more deficiencies will not constitute what we or our independent auditors conclude is a material weakness in internal control over financial reporting. Additionally, there can be no assurance in light of our decentralization, the number of our operating units and magnitude of the overall initiative, that we will be able to complete the process in time to allow our independent auditors to finish their assessment and issue their audit report on a timely basis. We believe, however, based on our current knowledge, that our documentation, testing and final assessment will be completed on a timely basis.

RISKS RELATED TO THE NEW NOTES

WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE NEW NOTES.

The new notes are a new issue of securities. There is no active public trading market for the new notes. We will apply for listing of the new notes and the shares of common stock issuable upon conversion of the new notes on the New York Stock Exchange; however, we can give no assurance that the new notes or the underlying shares of common stock will be so listed. The dealer managers have also advised us that they currently intend to make a market in the new notes, but they are not obligated to do so and may discontinue any such market-making at any time. As a consequence, we cannot assure you that an active trading market will develop for your new notes, that you will be able to sell your new notes, or that, even if you can sell your new notes, you will be able to sell them at an acceptable price.

THE TRADING PRICES FOR THE NEW NOTES WILL BE DIRECTLY AFFECTED BY THE TRADING PRICES FOR OUR COMMON STOCK, WHICH ARE IMPOSSIBLE TO PREDICT.

The price of our common stock could be affected by possible sales of our common stock by investors who view the new notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving our common stock. This hedging or arbitrage could, in turn, affect the trading prices of the new notes.

THE AMOUNT YOU MUST INCLUDE IN YOUR INCOME FOR UNITED STATES FEDERAL INCOME TAX PURPOSES WILL EXCEED THE STATED YIELD ON THE NEW NOTES.

We and each holder will agree to treat the notes as contingent payment debt instruments for United States federal income tax purposes. As a result, despite some uncertainty as to the proper application of the applicable Treasury regulations, U.S. holders will be required to include in their gross income, each year, amounts of interest in excess of the stated yield of the notes. U.S. holders will recognize gain or loss on the sale of a new note, repurchase by us of a new note at the U.S. holder's option, conversion of a new note or redemption of a new note, in an amount equal to the difference between the amount realized on the sale, repurchase by us at the U.S. holder's option, conversion or redemption (including the fair market value of our common stock received upon conversion or otherwise) and the U.S. holder's adjusted tax basis in the new note. Any gain recognized by the U.S. holders on the sale, repurchase by us at the U.S. holder's option, conversion or redemption of a new note generally will be ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income and, thereafter, capital loss. See "Material United States Tax Consequences."

THE MAKE-WHOLE AMOUNT PAYABLE UPON THE OCCURRENCE OF A CHANGE OF CONTROL MAY NOT ADEQUATELY COMPENSATE YOU FOR THE LOST OPTION TIME VALUE OF YOUR NEW NOTES AS A RESULT OF SUCH CHANGE OF CONTROL AND MAY NOT BE ENFORCEABLE.

If a change of control occurs on or prior to January 20, 2007, we may increase the conversion rate for new notes converted in connection with the change of control. The amount of such increase to the conversion rate, if any, will be based on the price paid per share of our common stock in the transaction constituting the change of control. A description of how the make-whole amount will be determined is described under "Description of the New Notes -- Make Whole Amount and Change of Control." While the make-whole amount is designed to compensate you for the lost option time value of your new notes as a result of a change of control, the make-whole amount is only an approximation of such lost value and may not adequately compensate you for such loss. In addition, if the change of control occurs after January 20, 2007 or if the price paid per share of our common stock in the change of control is less than $25.51 or more than $50.00 (subject to adjustment), there will be no such make-whole amount. Furthermore, our obligation to pay the make-whole amount could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

RISKS RELATED TO THE EXCHANGE OFFER

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE OLD NOTES FOR THE NEW NOTES ARE NOT ENTIRELY CLEAR.

The U.S. federal income tax consequences of the exchange offer and of the ownership and disposition of the new notes are not entirely clear. We intend to take the position that the modifications to the old notes resulting from the exchange of old notes for new notes should not constitute a significant modification of the old notes for tax purposes. If, consistent with our position, the exchange of old notes for new notes does not constitute a significant modification of the old notes. Consistent with our position, the new notes should be treated as a continuation of the old notes and there should be no U.S. federal income tax consequences to a holder who exchanges old notes for new notes pursuant to the exchange offer except for the exchange fee. If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ.

See the section of this prospectus entitled "Material United States Tax

Consequences" beginning on page 50.

IF YOU DO NOT EXCHANGE YOUR OLD NOTES, THE OLD NOTES YOU RETAIN MAY BECOME LESS LIQUID AS A RESULT OF THE EXCHANGE OFFER.

If a significant number of old notes are exchanged in the exchange offer, the liquidity of the trading market for the old notes, if any, after the completion of the exchange offer may be substantially reduced. Any old notes exchanged will reduce the aggregate number of old notes issued and outstanding. This reduction may in turn increase the volatility of the market price for the old notes. In addition, the old notes may trade at a discount to the price at which they would trade if the transactions contemplated by this prospectus were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. We cannot assure you that an active market in the old notes will exist or be maintained and we cannot assure you as to the prices at which the old notes may be traded.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new notes. The new notes will be exchanged for old notes as described in this prospectus upon our receipt of old notes. We will cancel all of the old notes surrendered in exchange for the new notes.

PRICE RANGE OF OLD NOTES AND COMMON STOCK

Our old notes and common stock are listed on the New York Stock Exchange (the "NYSE") under the symbols "MAS ZR31" and "MAS," respectively. The following table sets forth the high and low trading sale prices for our old notes as reported by published financial sources, high and low trading prices for our common stock for the periods indicated as reported on the NYSE Composite Tape and the cash dividends declared on the common stock during such periods.

	OLD NOTES PRICE		COMMON STOCK PRICE		DIVIDENDS ON COMMON STOCK
	HIGH	LOW	HIGH	LOW	
	(% OF PAR)		(IN DOLLARS)		
YEAR ENDED 2002					
First Quarter.........................	43.00	36.88	$28.99	$24.10	$0.135
Second Quarter........................	43.00	40.00	29.43	25.39	0.135
Third Quarter.........................	42.00	32.00	27.05	19.00	0.14
Fourth Quarter........................	42.50	36.00	22.60	17.25	0.14
YEAR ENDED 2003					
First Quarter.........................	42.25	36.13	$21.96	$16.59	$0.14
Second Quarter........................	44.00	36.00	25.58	18.60	0.14
Third Quarter.........................	43.00	39.00	25.99	22.45	0.16
Fourth Quarter........................	43.50	40.00	28.44	24.61	0.16
YEAR ENDED 2004					
First Quarter.........................	46.00	42.50	$30.80	$25.88	$0.16
Second Quarter........................	46.25	41.00	31.47	26.29	0.16
Third Quarter.........................	48.00	41.00	35.00	29.69	0.18

Fourth Quarter (through November 16)...	49.00	45.00	36.65	33.05	--

On November 16, 2004, the last reported sale price of our old notes and common stock was 49.00% per note and $36.11 per share, respectively. At November 16, 2004, there were approximately 6,500 holders of record of our common stock.

DIVIDEND POLICY

As shown in the table above, we declared quarterly cash dividends on our common stock in each of the years ended December 31, 2003 and 2002 and in the quarters ended March 31, June 30 and September 30, 2004. We expect that our practice of paying quarterly dividends on our common stock will continue, although the payment of future dividends is at the discretion of our board of directors and will depend upon our earnings, capital requirements, financial condition and other factors.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for the years ended December 31, 1999 through 2003 and the nine months ended September 30, 2004 are set forth in the table below.

	NINE MONTHS ENDED SEPTEMBER 30,	YEARS ENDED DECEMBER 31,				
	2004	2003	2002	2001	2000	1999
Ratio of earnings to fixed charges(1)....	8.0	5.3	4.6	2.0	4.7	6.7
Ratio of earnings to combined fixed charges and preferred stock dividends(2)...........................	7.7	5.0	4.4	2.0	4.7	6.7

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(1) Ratio of earnings to fixed charges means the ratio of income before income taxes, extraordinary income and fixed charges to fixed charges, where fixed charges are the aggregate of interest expense, including amortization of debt expense and the estimated interest factor for rentals. Years prior to 2002 have not been adjusted to exclude goodwill amortization expense.

(2) Ratio of earnings to combined fixed charges and preferred stock dividends means the ratio of income before income taxes, extraordinary income and fixed charges to fixed charges and preferred stock dividends.

CAPITALIZATION

The following table sets forth certain unaudited information regarding our capitalization as of September 30, 2004 on an actual basis and as adjusted, assuming all of the old notes are exchanged pursuant to the exchange offer. This information should be read in conjunction with our consolidated financial statements, including the notes thereto, and the other financial information incorporated by reference in this prospectus. See the section of this prospectus entitled "Where You Can Find More Information."

	AS OF SEPTEMBER 30, 2004	
	ACTUAL	AS ADJUSTED
	(UNAUDITED) (IN MILLIONS, EXCEPT SHARE DATA)	
Cash and cash investments	$ 969	$ 969
Long-term debt:		
Zero Coupon Convertible Senior Notes due 2031(1)	$ 817	$ --
Zero Coupon Convertible Senior Notes, Series B due 2031(1)	--	817
Other long-term liabilities	3,393	3,393
Total long-term debt	4,210	4,210
Shareholders' equity:		
Common shares, par value $1.00 per share, 1,400,000,000 authorized, 449,220,000 issued	449	449
Paid-in capital	724	724
Retained earnings	3,856	3,856
Accumulated other comprehensive income	409	409
Less: restricted stock awards	(196)	(196)
Shareholders' equity	5,242	5,242
Total capitalization	$9,452	$9,452

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(1) Accreted value at September 30, 2004.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data of Masco are derived from and should be read in conjunction with our audited financial statements incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2004 (which supersedes the corresponding financial data in our Annual Report on Form 10-K for the year ended December 31, 2003.) The consolidated statement of income data for the years ended December 31, 2003, 2002 and 2001, and the balance sheet data as of December 31, 2003 and 2002 are derived from and should be read in conjunction with our audited financial statements incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2004. The consolidated statement of income data for the years ended December 31, 2000 and 1999 are derived from our accounting records. The consolidated statement of income data for the nine month periods ended September 30, 2004 and 2003 and the consolidated balance sheet data as of September 30, 2004 and 2003 are derived from our unaudited financial statements which, in our opinion, have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2001	2000	1999	2004	2003
	(IN MILLIONS)						
STATEMENT OF INCOME DATA(1):							
Net sales..................	$10,571	$ 8,831	$7,705	$ 6,506	$ 5,577	$ 9,040	$ 7,803
Cost of sales...............	7,330	6,040	5,377	4,438	3,717	6,224	5,414
Selling, general and administrative expenses...	1,776	1,393	1,230	1,030	1,014	1,491	1,312
(Income) charge from planned disposition of a business(2)...............	--	(16)	--	90	--	--	--
(Income) regarding litigation settlement(3)............	(72)	147	--	--	--	(30)	(71)
Goodwill impairment charge(4).................	53	--	--	--	--	--	--
Amortization of goodwill....	--	--	87	60	39	--	--
Other income (expense), net(5)...................	(204)	(301)	(733)	(64)	(2)	(43)	(147)
Income from continuing operations before income taxes and minority interest.................	1,280	966	278	824	805	1,312	1,001
Income taxes................	477	327	95	284	303	474	357
Minority interest.........	(13)	--	--	--	--	(14)	(8)
(Loss) income from discontinued operations, after income taxes........	16	43	16	52	68	(36)	78
Cumulative effect of accounting change, net(6)...................	--	(92)	--	--	--	--	--
Net income..................	$ 806	$ 590	$ 199	$ 592	$ 570	$ 788	$ 714
Earnings per common share:							
Basic:							
Income from continuing operations...........	$ 1.65	$ 1.32	$ 0.40	$ 1.22	$ 1.15	$ 1.84	1.32
Income (loss) from discontinued operations...........	0.03	0.09	0.03	0.12	0.16	(0.08)	0.16
Cumulative effect of accounting change, net...............	--	(0.19)	--	--	--	--	--
Net income...........	$ 1.68	$ 1.22	$ 0.43	$ 1.34	$ 1.31	$ 1.76	$ 1.48

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2001	2000	1999	2004	2003
	(IN MILLIONS EXCEPT PER SHARE DATA)						
Diluted:							
Income from continuing operations	$ 1.61	$ 1.24	$ 0.39	$ 1.20	$ 1.12	$ 1.81	$ 1.28
Income (loss) from discontinued operations and gain, net of income taxes	0.03	0.08	0.03	0.11	0.15	(0.08)	0.16
Cumulative effect of accounting change, net	--	(0.18)	--	--	--	--	--
Net income	$ 1.64	$ 1.15	$ 0.42	$ 1.31	$ 1.28	$ 1.73	$ 1.44
CASH FLOW DATA:							
Net cash from operating activities	$ 1,421	$ 1,225	$ 967	$ 734	$ 491	$ 973	$ 924
Net cash from (for) financing activities	$(1,617)	$ 767	$ (158)	$ 380	$ 319	$ (964)	$(1,166)
Net cash from (for) investing activities	$ (128)	$(1,296)	$ (667)	$(1,175)	$(1,132)	$ 204	$ 55
BALANCE SHEET DATA:							
Total assets	$12,149	$12,050	$9,021	$ 7,604	$ 6,517	$12,389	$12,201
Long-term debt	$ 3,848	$ 4,316	$3,628	$ 3,018	$ 2,431	$ 4,210	$ 3,836
Total liabilities	$ 6,693	$ 6,756	$5,063	$ 4,318	$ 3,498	$ 7,147	$ 6,796
Shareholder's equity	$ 5,456	$ 5,294	$3,958	$ 3,286	$ 3,019	$ 5,242	$ 5,405

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(1) Statement of income data has been restated to reclassify discontinued operations as reported in our Current Report on Form 8-K filed with the SEC on November 12, 2004.

(2) Includes a pre-tax gain of $16 million in the Plumbing Products segment for the year ended December 31, 2002 related to certain long-lived assets which were written down in 2000. Includes a $145 million pre-tax, non-cash charge for the planned disposition of businesses and write down of certain investments for the year ended December 31, 2000.

(3) Includes the litigation settlement pre-tax (income) charge, net, of $(30) million, $(71) million, $(72) million and $147 million in the nine months

ended September 30, 2004 and 2003 and for the years ended December 31, 2003 and 2002, respectively, pertaining to the Decorative Architectural Products segment.

(4) Includes a $53 million pre-tax goodwill impairment charges as follows: Plumbing Products -- $17 million; Decorative Architectural Products -- $5 million and Other Specialty Products -- $31 million.

(5) Includes a $530 million pre-tax, non-cash charge related to the write down of certain investments, principally, securities of Furnishings International, Inc. for the year ended December 31, 2001.

(6) On adoption of SFAS No. 142, a non-cash, pre-tax impairment charge of $117 million ($92 million, net of income tax credit of $25 million) relating primarily to certain of our European businesses that had been affected by weak market and economic conditions, was recognized as a cumulative effect of change in accounting principle, effective January 1, 2002.

THE EXCHANGE OFFER

PURPOSE OF THE EXCHANGE OFFER

The purpose of the exchange offer is to change certain terms of the old notes including the type of consideration we will pay holders of the new notes who convert their new notes. We believe that changing the consideration payable upon conversion of the old notes will reduce the likelihood of dilution to our shareholders, which is in the best interests of the company and our shareholders.

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of such jurisdiction.

EXCHANGE FEE

As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee payment of $1.25 per $1,000 principal amount at maturity of new notes. The exchange fee will be payable to holders of new notes on the exchange date.

The exchange agent will act as agent for tendering holders for the purpose of receiving payments from us and transmitting payments to the holders. The exchange agent will pay DTC the aggregate amount of cash we owe holders to be delivered in exchange for the old notes held in book-entry form and tendered and accepted in the exchange offer and holders will receive the applicable portion of the exchange fee pursuant to the applicable procedures established by DTC and its participants.

TERMS OF THE EXCHANGE OFFER; PERIOD FOR TENDERING

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together are the exchange offer, we will accept for exchange old notes which are properly tendered on or prior to the expiration date, unless you have previously withdrawn them.

- When you tender to us old notes as provided below, our acceptance of the old notes will constitute a binding agreement between you and us upon the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal.

- For each $1,000 principal amount at maturity of old notes you tender accepted by us in the exchange offer, we will give you that principal amount at maturity of new notes.

- The exchange offer expires at midnight New York City time on December 17, 2004. We may, however, in our sole discretion, extend the period of time for which the exchange offer is open. References in this prospectus to the expiration date mean midnight New York City time on December 17, 2004 or, if extended by us, the latest time and date to which the exchange offer is extended by us.

- We will keep the exchange offer open for no fewer than 20 business days, or longer if required by applicable law, after the date that we first mail notice of the exchange offer to the holders of the old notes. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus to all of the registered holders of old notes at their addresses listed in the trustee's security register with respect to the old notes.

- We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any old notes, by giving oral or written notice of an extension to the exchange agent and notice of that extension to the holders as described below. During any extension, all old notes previously tendered will remain subject to the exchange offer unless withdrawal rights are exercised. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

- We expressly reserve the right to amend or terminate the exchange offer at any time prior to the expiration date, and not to accept for exchange any old notes that we have not yet accepted for exchange, if any of

the conditions of the exchange offer specified below under "Conditions to the Exchange Offer" are not satisfied.

- We will give oral or written notice of any extension, amendment, waiver, termination or non-acceptance described above to holders of the old notes as promptly as practicable. If we amend this exchange offer in any respect or waive any condition to the exchange offer, we will give written notice of the amendment or waiver to the exchange agent and will make a public announcement of the amendment or waiver as promptly as practicable afterward. If we extend the expiration date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcements other than by issuing a release to the Dow Jones News Service.

- Holders of old notes do not have any appraisal or dissenters rights in connection with the exchange offer.

- We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Exchange Act of 1934, as amended and the applicable rules and regulations of the United States Securities and Exchange Commission.

IMPORTANT RESERVATION OF RIGHTS REGARDING THE EXCHANGE OFFER

You should note that:

- All questions as to the validity, form, eligibility, time of receipt and acceptance of old notes tendered for exchange will be determined by Masco in its sole discretion, which determination shall be final and binding.

- We reserve the absolute right to reject any and all tenders of any particular old notes not properly tendered or to not accept any particular old notes which acceptance might, in our judgment or the judgment of our counsel, be unlawful.

- We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old notes either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of old notes for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine.

- Our interpretation of the terms and conditions of the exchange offer as to any particular old notes either before or after the expiration date shall be final and binding on all parties.

- Neither Masco, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of old notes for exchange, nor shall any of them incur any liability for failure to give any notification.

CONDITIONS TO THE EXCHANGE OFFER

We will accept for exchange all old notes validly tendered and not withdrawn. We will not be required to accept for exchange any old notes and may terminate, amend or extend the exchange offer before the acceptance of the old notes, if, on or before the expiration date:

- We determine in our sole discretion prior to the expiration of the exchange offer that the exchange will result in adverse tax consequences to us;

- We or any of our subsidiaries do not receive or obtain any consent, authorization, approval or exemption of or from any governmental authority that may be required or advisable in connection with the completion of this exchange offer, including that the registration statement of which this prospectus is a part shall not have been declared, or shall not continue to be, effective;

- any action, proceeding or litigation seeking to enjoin, make illegal, delay the completion of or challenge in any respect the exchange offer, or otherwise relating in any manner to the exchange offer, is instituted or threatened;

- any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the exchange offer, any of which would or might restrain, prohibit or delay completion of the exchange offer or impair the contemplated benefits of the exchange offer, to us;

- any tender or exchange offer, other than this exchange offer, with respect to some or all of the outstanding old notes, or any merger, acquisition or other business combination proposal involving us or a substantial portion of our assets, shall have been proposed, announced or made by any person or entity; or

- there has occurred:

  - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States or the European Union;

  - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

  - any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), income, operations or prospects or otherwise materially impair in any way our contemplated future conduct; or

  - in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof.

The conditions listed above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions. On or before the expiration date, we may waive these conditions in our sole discretion in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the above rights will not be considered a waiver of that right, and these rights will be considered to be ongoing rights which may be asserted, before the expiration date, at any time and from time to time.

If we determine in our reasonable discretion that any of the conditions are not satisfied, we may:

- refuse to accept any old notes, return all tendered old notes to the tendering holders, and terminate the exchange offer;

- extend the exchange offer and retain all old notes tendered before the expiration of the exchange offer, subject, however, to the rights of holders to withdraw these old notes (see "-- Withdrawal Rights" below); or

- waive unsatisfied conditions relating to the exchange offer and accept all properly tendered old notes that have not been withdrawn.

PROCEDURES FOR TENDERING

WHAT TO SUBMIT AND HOW

If you, as the registered holder of old notes, wish to tender your old notes for exchange in the exchange offer, you must transmit a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof as described below under "-- Book-Entry Transfer") to J.P. Morgan Trust Company, National Association, as exchange agent at the address set forth below under "-- Exchange Agent" on or prior to the expiration date.

In addition,

(1) a timely confirmation of a book-entry transfer of old notes, if such procedure is available, into the exchange agent's account at DTC using the procedure for book-entry transfer described below, must be received by the exchange agent prior to the expiration date; or

(2) you must comply with the guaranteed delivery procedures described below.

The method of delivery of old notes, letters of transmittal and notices of guaranteed delivery is at your election and risk. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or old notes should be sent to us.

HOW TO SIGN YOUR LETTER OF TRANSMITTAL AND OTHER DOCUMENTS

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes being surrendered for exchange are tendered either:

(1) by a registered holder of the old notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

(2) for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be guaranteed by an "eligible guarantor institution" meeting the requirements of the exchange agent, which requirements include membership or participation in the Security Transfer Agent Medallion Program, referred to in this prospectus as STAMP, or such other "signature guarantee program" as may be determined by the exchange agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If the letter of transmittal or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by us, proper evidence satisfactory to us of its authority to so act must be submitted.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the old notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC's systems may make book-entry delivery of old notes by causing DTC to transfer old notes into the exchange agent's account in accordance with DTC's Automated Tender Offer Program procedures for transfer. However, the exchange for the old notes so tendered will only be made after timely confirmation of book-entry transfer of old notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message, transmitted by DTC and received by the exchange agent and forming a part of a book-entry confirmation. The agent's message must state that DTC has received an express acknowledgment from the participant tendering old notes that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce the agreement against that participant.

Although delivery of old notes may be effected through book-entry transfer into the exchange agent's account at DTC, the letter of transmittal, or a facsimile copy, properly completed and duly executed, with any required signature guarantees, must in any case be delivered to and received by the exchange agent at its address listed under "-- Exchange Agent" on or prior to the expiration date.

Since your old notes are held through DTC, you must complete a form called "instructions to registered holder and/or book-entry participant", which will instruct the DTC participant through whom you hold your notes of your intention to tender your old notes or not tender your old notes. Please note that delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent and we

will not be able to accept your tender of notes until the exchange agent receives a letter of transmittal (or an agent's message in lieu thereof) and a book-entry confirmation from DTC with respect to your notes. A copy of that form is available from the exchange agent.

GUARANTEED DELIVERY PROCEDURES

If you are a holder of old notes and you want to tender your old notes but the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if

(1) the tender is made through an eligible institution;

(2) prior to the expiration date, the exchange agent receives, by facsimile transmission, mail or hand delivery, from that eligible institution a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us and stating:

- the name and address of the holder of old notes;
- the amount of old notes tendered; and
- that the tender is being made by delivering that notice and guaranteeing that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, confirmation of a book-entry transfer of the tendered old notes to the exchange agent; and

(3) confirmation of a book-entry transfer is received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

ACCEPTANCE OF OLD NOTES FOR EXCHANGE; DELIVERY OF NEW NOTES

Once all of the conditions to the exchange offer are satisfied or waived, we will accept, promptly after the expiration date, all old notes properly tendered and will issue the new notes promptly after acceptance of the old notes. See "-- Conditions to the Exchange Offer". For purposes of the exchange offer, our giving of oral or written notice of our acceptance to the exchange agent will be considered our acceptance of the exchange offer.

In all cases, we will issue new notes in exchange for old notes that are accepted for exchange only after timely receipt by the exchange agent of:

- a book-entry confirmation of transfer of old notes into the exchange agent's account at DTC using the book-entry transfer procedures described below; and

- a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof).

We will have accepted validly tendered old notes if and when we have given oral or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us, and will make the exchange on, or promptly after, the expiration date. Following this exchange the holders in whose names the new notes will be issuable upon exchange will be deemed the holders of record of the new notes.

The reasons we may not accept tendered old notes are:

- the old notes were not validly tendered pursuant to the procedures for tendering. See "-- Procedures for Tendering";

- we determine in our reasonable discretion that any of the conditions to the exchange offer have not been satisfied. See "-- Conditions to the Exchange Offer";

- a holder has validly withdrawn a tender of old notes as described under "Withdrawal Rights"; or

- we have prior to the expiration date of the exchange offer and in our sole discretion, delayed or terminated the exchange offer. See "-- Terms of the Exchange Offer; Period for Tendering";

If we do not accept any tendered old notes for any reason, we will return any unaccepted or non-exchanged old notes tendered as promptly as practicable after the expiration or termination of the exchange offer.

Old notes which are not tendered for exchange or are tendered but not accepted in connection with the exchange offer will remain outstanding and remain subject to their original terms under the indenture.

WITHDRAWAL RIGHTS

You can withdraw your tender of old notes at any time on or prior to the expiration date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses listed below under "-- Exchange Agent". Any notice of withdrawal must specify:

- the name of the person having tendered the old notes to be withdrawn;

- the principal amount at maturity of the old notes to be withdrawn; and

- if old notes have been tendered using the procedure for book-entry transfer described above, the name and number of the account at DTC to be credited with the withdrawn old notes, and otherwise comply with the procedures of that facility.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any old notes so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer.

If you have properly withdrawn old notes and wish to re-tender them, you may do so by following one of the procedures described under "-- Procedures for Tendering" above at any time on or prior to the expiration date.

EXCHANGE AGENT

J.P. Morgan Trust Company, National Association has been appointed as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at one of the addresses set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent, addressed as follows:

Deliver to:
J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201
Attention: Exchanges, Frank Ivins
Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes,
Series B due 2031 for
Zero Coupon Convertible Senior Notes due 2031

FACSIMILE TRANSMISSIONS:
(By Eligible Institutions Only)
Fax: (214) 468-6494
Attention: Frank Ivins
Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes,
Series B due 2031 for
Zero Coupon Convertible Senior Notes due 2031

TO CONFIRM BY TELEPHONE:
(800) 275-2048

Delivery to an address other than as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

An affiliate of the exchange agent is a depository of funds for, makes loans to and performs other services for us from time to time in the normal course of business.

DEALER MANAGERS

We have retained Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to act as co-dealer managers in connection with the exchange offer. We will pay a fee to the dealer managers as described below in "-- Fees and Expenses." The obligations of the dealer managers to perform such functions are subject to certain conditions. We have agreed to indemnify the dealer managers against certain liabilities, including liabilities under the federal securities laws or to contribute to payments that the dealer managers may be required to make in respect thereof. Questions regarding the terms of the exchange offer may be directed to the dealer managers at the address and telephone number set forth on the back cover of this prospectus.

The dealer managers, and their respective affiliates have provided, from time to time, and may in the future provide, investment banking, commercial banking, financial and other services to us for which we have paid, and intend to pay, customary fees. The dealer managers, in the ordinary course of business, also make markets in our securities, including the old notes. As a result, from time to time, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated may own certain of our securities, including the old notes.

Questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the dealer managers at the address set forth on the back cover of this prospectus. Holders of old notes may also contact their custodian bank, depositary, broker, trust company or other nominee for assistance concerning the exchange offer.

FEES AND EXPENSES

The expenses of soliciting tenders of old notes will be borne by us. We will pay the dealer managers a fee of $0.88 per $1,000 principal amount at maturity of old notes exchanged pursuant to the exchange offer, payable on the exchange date, or if we terminate the exchange offer, on the date of such termination. If the aggregate principal amount at maturity of old notes exchanged is more than 90% of the aggregate principal amount at maturity of the old notes, we will pay an additional fee of $0.22 per $1,000 principal amount at maturity of old notes exchanged. We will also reimburse the dealer managers for reasonable out-of-pocket expenses. The exchange agent will mail solicitation materials on our behalf. The total expense expected to be incurred by us in connection with the exchange offer is estimated to be approximately $2.6 million assuming all old notes are tendered in the exchange offer.

TRANSFER TAXES

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder, will be responsible for the payment of any applicable transfer tax.

CONSEQUENCES OF FAILURE TO PROPERLY TENDER OLD NOTES IN THE EXCHANGE OFFER

Issuance of the new notes in exchange for the old notes under the exchange offer will be made only after timely receipt by the exchange agent of such old notes, a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof) and all other required documents. Therefore, holders desiring to tender old notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of old notes for exchange. To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading markets for the remaining old notes could be adversely affected. See "Risk Factors -- Risks Related to the Exchange Offer". To the extent that any old notes remain outstanding following completion of the exchange offer, they will remain our obligations.

DESCRIPTION OF THE NEW NOTES

The new notes will be issued under an indenture dated as of February 12, 2001, among the Company and J.P. Morgan Trust Company, National Association (as successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), as supplemented (the "Indenture"). The base Indenture, referred to in this prospectus as the Senior Debt Indenture and a form of the Supplemental Indenture relating specifically to the new notes, have been filed as exhibits to the registration statement of which this prospectus forms a part. The following is a summary of the material terms and provisions of the new notes. The terms of the new notes include those set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), as in effect on the date of the Indenture. The new notes are subject to all such terms, and prospective purchasers of the new notes are referred to the Indenture and the Trust Indenture Act for a statement of such terms. As used in this "Description of the New Notes," the term "Company" refers to Masco Corporation and not any of its Subsidiaries.

Definitions of certain terms are set forth under "-- Certain Definitions" and throughout this description. Capitalized terms that are used but not otherwise defined herein have the meanings assigned to them in the Indenture, and those definitions are incorporated herein by reference.

GENERAL

The new notes:

- will be our unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness and be junior to all of our current and future secured indebtedness;

- will be limited to the aggregate principal amount at maturity of old notes exchanged for new notes, not to exceed $1,874,978,000 aggregate principal amount at maturity; and

- will mature on July 20, 2031.

Except under circumstances described under "-- Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event" and "-- Contingent Interest" ," we will not pay cash interest on the new notes; rather the new notes will accrete to a principal amount of $1,000 per new note upon maturity, at a rate equal to 3.125% per annum from an initial principal amount of $438.54.

The new notes are redeemable prior to maturity only in specified circumstances prior to January 25, 2007, and freely on or after January 25, 2007, as described below under "-- Optional Redemption," and do not have the benefit of a sinking fund. Principal of the new notes will be payable, and the transfer of new notes will be registrable, at the office of the Trustee. The Trustee will initially serve as paying agent for the new notes.

The new notes are being offered at a substantial discount from their principal amount at maturity. Except as described below, we will not make periodic cash payments of interest on the new notes. Each new note of $1,000 principal amount at maturity will be issued at an initial principal amount of $438.54. For United States federal income tax purposes, we will report the accrual of original issue discount at the comparable yield of 8.125% under the contingent payment debt regulations while the new notes remain outstanding. The issue date for the new notes and the commencement date for the accrual of original issue discount will be the exchange date. See "Material United States Tax Consequences."

The new notes will be issued only in registered form without coupons in denominations of $1,000 principal amount at maturity and any multiple of $1,000 above that amount. No service charge will be made for any registration of transfer or exchange of new notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The new notes will be represented by one or more global securities registered in the name of a nominee of The Depositary. See "-- Book Entry, Delivery and Form."

Except as noted below, all notices with respect to the new notes will be deemed given upon publication on Bloomberg or our website or by any other electronic means of publication reasonably calculated to constitute notice.

EXCHANGE FEE

As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of $1.25 per $1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.

RANKING

The new notes are Masco's general obligations and will not be secured by any collateral. Your right to payment under the new notes will be junior to the rights of Masco's secured creditors to the extent of their security in Masco's assets; equal with the rights of creditors under Masco's other unsecured unsubordinated debt, including our old notes and our revolving credit facility; and senior to the rights of creditors under debt expressly subordinated to the new notes.

CONVERSION RIGHTS

Holders may convert new notes, in multiples of $1,000 principal amount at maturity, at the conversion rate at any time prior to the close of business on July 20, 2031 if any of the following conditions are met:

- Common Stock Price. The average Sale Price of the Company Common Stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 119% and declining 1/3% each year thereafter until it reaches 110 1/3% for the year beginning July 20, 2030, of the Accreted Value as of such date of conversion, divided by the conversion rate;

- Credit Ratings. The credit ratings assigned to the new notes by either Moody's or S&P is reduced to below Investment Grade;

- Redemption of New Notes. If the new notes are called for redemption, at any time prior to the close of business on the business day prior to the redemption date; or

- Occurrence of Specified Corporate Transactions. If we elect to:

(1) distribute to all holders of Company Common Stock certain rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, Company Common Stock at less than the Sale Price at the time of such distribution; or

(2) distribute to all holders of Company Common Stock assets, debt, securities or certain rights to purchase our securities, which distribution has a per share value as determined by the Board of Directors exceeding 15% of the Sale Price of Company Common Stock on the day preceding the declaration date for such distribution; or

(3) become a party to a consolidation, merger or binding share exchange pursuant to which Company Common Stock would be converted into cash, securities or other property, in which case a holder may surrender new notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date of such transaction. After the effective date, settlement of the new notes and the conversion value and the net share amount, as defined below, will be based on the kind and amount of cash, securities or other property of Masco or another person that the holder of new notes would have received had the holder converted its new notes immediately prior to the transaction, unless we have elected to adjust the conversion rate for a public acquirer change of control as described below under "-- Make Whole Amount and Change of Control." If you elect to convert your new notes in accordance with this paragraph and you are entitled to an adjustment for additional shares as described below under "-- Make Whole Amount and Change of Control," conversion of the new notes will settle after the effective date of such transaction.

We may adjust the conversion rate for new notes tendered for conversion in connection with a change of control, as described below under "-- Make Whole Amount and Change of Control." However, we will not make such an adjustment if such change of control also constitutes a public acquirer change of control and we elect to modify the conversion obligation as described below under "-- Make Whole Amount and Change of Control." We will specify in the notice to holders,

as described below, whether we will adjust the conversion rate or elect to modify the conversion ob