

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-K

### ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995 COMMISSION FILE NUMBER 1-5794

## MASCO CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OF INCORPORATION)  
21001 VAN BORN ROAD, TAYLOR, MICHIGAN  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

38-1794485  
(I.R.S. EMPLOYER IDENTIFICATION NO.)  
48180  
(ZIP CODE)

**REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 313-274-7400**

### SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, \$1.00 PAR VALUE	NEW YORK STOCK EXCHANGE, INC.
5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2012	NEW YORK STOCK EXCHANGE, INC.

### SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

NONE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT: (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS, AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES /X/ NO //

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. /X/

THE AGGREGATE MARKET VALUE OF THE REGISTRANT'S COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT ON MARCH 1, 1996 (BASED ON THE CLOSING SALE PRICE OF \$28 1/2 OF THE REGISTRANT'S COMMON STOCK, AS REPORTED ON THE NEW YORK STOCK EXCHANGE COMPOSITE TAPE ON SUCH DATE) WAS APPROXIMATELY \$4,407,870,000.

**NUMBER OF SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK AT MARCH 1, 1996:**

**160,382,079 SHARES OF COMMON STOCK, PAR VALUE \$1.00 PER SHARE**

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT TO BE FILED FOR ITS 1996 ANNUAL MEETING OF STOCKHOLDERS ARE INCORPORATED BY REFERENCE INTO PART III OF THIS REPORT.

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## PART I

### ITEM 1. BUSINESS.

Masco Corporation is engaged principally in the manufacture, installation and sale of home improvement and building products. Masco believes that it is the largest domestic manufacturer of faucets, kitchen and bath cabinets and plumbing supplies and that it is a leading domestic producer of a number of other home improvement and building products. Masco was incorporated under the laws of Michigan in 1929 and in 1968 was reincorporated under the laws of Delaware.

Except as the context otherwise indicates, the terms "Masco" and the "Company" refer to Masco Corporation and its consolidated subsidiaries.

The Company is among the country's largest manufacturers of brand-name consumer products designed for the improvement and building of the home, including faucets, kitchen and bath cabinets, kitchen appliances, bath and shower enclosure units, spas and hot tubs, other shower, bath and plumbing specialties and accessories, door locks and other builders' hardware, air treatment products, venting and ventilating equipment and water pumps. These products are sold for the home improvement and home construction markets through mass merchandisers, hardware stores, home centers, distributors, wholesalers and other outlets to consumers and contractors.

The Company manufactures a variety of single and double handle faucets. DELTA(R) and PEERLESS(R) single and double handle faucets are used on kitchen, lavatory and other sinks and in bath and shower installations. DELTA faucets are sold primarily through manufacturers' representatives to distributors who sell the faucets to plumbers, building contractors, remodelers, retailers and others. PEERLESS faucets are sold primarily through manufacturers' representatives directly to retail outlets such as mass merchandisers, home centers and hardware stores and are also sold under private label. The Company's ARTISTIC BRASS(R) and SHERLE WAGNER(TM) faucets and accessories are produced for the decorator markets and are sold through wholesalers, distributor showrooms and other outlets. In addition to its domestic manufacturing, the Company manufactures faucets in Denmark, Italy and Canada.

Sales of faucets approximated \$698 million in 1995, \$667 million in 1994 and \$608 million in 1993. The percentage of operating profit on faucets is somewhat higher than that on other products offered by the Company. The Company believes that the simplicity, quality and reliability of its faucet mechanisms, its marketing and merchandising activities, and the development of a broad line of products have accounted for the continued strength of its faucet sales.

The Company manufactures stock, semi-custom and custom kitchen and bath cabinetry in a variety of styles and in various price ranges. The Company sells cabinets under a number of trademarks, including MERILLAT(R), KRAFTMAID(R), STARMARK(R) and FIELDSTONE(R), with sales in both the home improvement and new construction markets. In addition to its domestic manufacturing, the Company manufactures cabinetry in Germany and England. Sales of kitchen and bath cabinets were approximately \$758 million in 1995, \$665 million in 1994 and \$570 million in 1993.

The Company's brass and copper plumbing system components and other plumbing specialties are sold to plumbing, heating and hardware wholesalers and to home centers, hardware stores, building supply outlets and other mass merchandisers. These products are marketed for the wholesale trade under the BRASSCRAFT(R) trademark and for the "do-it-yourself" market under the PLUMB SHOP(R), HOME PLUMBER(R) and MELARD(TM) trademarks and are also sold under private label.

Other kitchen and bath consumer products sold by the Company include THERMADOR(R) cooktops, ovens, ranges and related cooking equipment and refrigerators, which are marketed through appliance distributors and dealers. The Company's acrylic and gelcoat bath and shower units and whirlpools are sold under the AQUA GLASS(R) trademark primarily to wholesale plumbing distributors for use in the home improvement and new home construction markets. Other bath and shower enclosure units, shower trays and laundry tubs are sold to the home improvement market through

hardware stores and home centers under American Shower & Bath and Trayco trade names. Luxury bath and shower enclosures are manufactured and sold by the Company under the HUPPE(R) trademark primarily in Germany and other foreign markets. The Company manufactures bath and shower accessories, vanity mirrors and bath storage products under ZENITH PRODUCTS(R) and other trademarks and sells these products to home centers, hardware stores and mass merchandisers for the "do-it-yourself" market. The Company's spas and hot tubs are sold under the HOT SPRING SPA(R) and other trademarks directly to retailers for sale to residential customers.

Other specialty home improvement and building products include premium quality brass rim and mortise locks, knobs and trim and other builders' hardware which are manufactured and sold under the BALDWIN(R) trademark for the home improvement and new home construction markets. WEISER(R) door locks and related hardware are sold through contractor supply outlets, hardware distributors and home centers. SAFLOK(TM) electronic locks and WINFIELD(TM) mechanical locks are sold primarily to the hospitality market.

In 1995, the Company expanded its home improvement and building products with the acquisition of Gale Industries, Inc. Through local offices across the United States, Gale installs fiberglass insulation and other building products primarily for the residential home building industry.

## **RECENT DEVELOPMENTS**

In late November 1995, the Company's Board of Directors and management approved a formal plan to dispose of the Company's home furnishings products segment. Accordingly, the Company's financial statements and related notes have been reclassified to present such segment as discontinued operations and include an after-tax non-cash charge of \$650 million which reflects the anticipated loss from the disposition of this segment. The Company's operations included in this segment are principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings. The Company intends to sell the businesses comprising the home furnishings products segment during 1996 and expects to utilize certain of the proceeds from the sale to reduce the Company's indebtedness. Proceeds may also be used to invest in acquisitions related to its continuing operations and to repurchase shares of the Company's Common Stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Discontinued Operations" included in Item 7 of this Report and the Note to the Company's Consolidated Financial Statements included in Item 8 of this Report captioned "Discontinued Operations." Unless otherwise noted, reference to the Company excludes information relating to the discontinued operations.

## **GENERAL INFORMATION**

No material portion of the Company's business is seasonal or has special working capital requirements, although the Company maintains a higher investment in inventories for certain of its businesses than the average manufacturing company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Receivables and Inventories -- Continuing Operations," included in Item 7 of this Report. The Company does not consider backlog orders to be material and no material portion of its business is dependent upon any one customer or subject to renegotiation of profits or termination of contracts at the election of the federal government. Compliance with federal, state and local regulations relating to the discharge of materials into the environment, or otherwise relating to the protection of the environment, is not expected to result in material capital expenditures by the Company or to have a material effect on the Company's earnings or competitive position. In general, raw materials required by the Company are obtainable from various sources and in the quantities desired.

## **INTERNATIONAL OPERATIONS**

The Company, through its subsidiaries, has home improvement and building products manufacturing plants in Belgium, Canada, Denmark, France, Germany, Great Britain, Italy, Mexico, Spain, Taiwan

and Turkey. Home improvement and building products manufactured by the Company outside of the United States include faucets and accessory products, bath and shower enclosures, bath accessories, kitchen and bath cabinets, decorative accessories, door locks and related hardware, floor registers, ventilating fans and equipment and submersible water pumps.

The Company's foreign operations are subject to political, monetary, economic and other risks attendant generally to international businesses. These risks generally vary from country to country.

Financial information concerning the Company's export sales and foreign operations, including the net sales, operating profit and assets which are attributable to the Company's operations in the United States and in foreign countries are set forth in Item 8 of this Report in the Note to the Company's Consolidated Financial Statements captioned "Geographic Information."

## **EQUITY INVESTMENTS**

### **MascoTech, Inc.**

In 1984, Masco transferred its industrial businesses to a newly formed subsidiary, MascoTech, Inc. (formerly Masco Industries, Inc.), which became a separate public company in July, 1984 when Masco distributed to its stockholders shares of MascoTech common stock as a special dividend. Masco currently owns approximately 45 percent of the outstanding common stock of MascoTech, a voting interest of approximately 39 percent. MascoTech is a supplier of powertrain and chassis components, technical engineering and related services and automotive aftermarket products. In 1995, MascoTech had net sales of approximately \$1.7 billion.

MascoTech has adopted a strategic plan to focus on certain core operating capabilities and divest certain other businesses. In late 1993, MascoTech adopted a plan to divest the businesses in its energy segment, which has since been completed. MascoTech's financial statements have been reclassified to present the operating results of the energy segment as discontinued operations. These businesses manufactured specialized tools, equipment and other products for energy-related industries. Except as the context otherwise indicates, all information contained herein has been reclassified for these discontinued operations. In late 1994, MascoTech adopted a plan to dispose of its architectural products, defense and certain of its transportation-related businesses. The disposition of these businesses, which had sales of approximately \$637 million in 1994, is expected to be completed by mid-1996, with the cash portion of the proceeds applied to reduce MascoTech's indebtedness and to provide capital to invest in its core businesses. The disposition of these businesses does not meet the criteria for discontinued operations treatment for accounting purposes; accordingly, the sales and results of operations of these businesses will be included in the results of continuing operations through the date of disposition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 of this Report regarding the effect of these actions on the Company.

MascoTech's transportation-related businesses manufacture powertrain, chassis and aftermarket products and provide technical engineering and other related services. Powertrain and chassis products include semi-finished transmission shafts, drive gears, engine connecting rods, wheel spindles, front wheel drive and exhaust system components, control arms and heavy stampings and related assemblies for suspension and chassis applications. MascoTech's technical engineering and related services businesses supply engineering and engineering services to support the vehicle development processes of automotive original equipment manufacturers as well as specialty vehicle, marketing, training, visual and other related professional services. Aftermarket products include fuel and emission systems components, windshield wiper blades, constant-velocity joints, brake hardware repair kits and other automotive accessories. MascoTech's products are manufactured using various metalworking technologies, including cold, warm and hot forming, powdered metal forming and stamping. During 1995, sales to various divisions and subsidiaries of Ford Motor Company, Chrysler Corporation and General Motors Corporation accounted for approximately 24 percent, 11 percent and 11 percent, respectively, of MascoTech's net sales (including businesses held for disposition).

Including transactions finalized in early 1996, the disposition of MascoTech's architectural and other specialty products businesses is substantially complete. Architectural products businesses held for disposition and not yet sold manufacture steel doors, garage doors and wood and aluminum-clad wood windows. These products are sold principally to wholesalers for the commercial, institutional and residential markets. MascoTech's sales of architectural products in 1995 were \$242 million. MascoTech's other specialty products businesses held for disposition and not yet sold consist primarily of property management services for the United States government, waste-water treatment services for industrial companies principally in southern California and the manufacture of small rocket launcher casings for foreign governments. MascoTech's sales in 1995 of these other specialty products were \$96 million.

### **TriMas Corporation**

The Company and MascoTech currently own approximately 5 percent and 41 percent, respectively, of the outstanding common stock of TriMas Corporation. TriMas is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets, including specialty container products, pressurized gas cylinders, specialty industrial gaskets, towing systems products, specialty fasteners, pressure-sensitive tapes and products for fiberglass insulation, and precision cutting tools.

### **Hans Grohe**

The Company has a partnership interest in Hans Grohe GmbH & Co. KG, a German manufacturer of faucets, handheld showers, shower heads and other shower accessories.

### **PATENTS AND TRADEMARKS**

The Company holds a number of United States and foreign patents covering various design features and valve constructions used in certain of its faucets, and also holds a number of other patents and patent applications, licenses, trademarks and trade names. As a manufacturer of brand-name consumer products, the Company views its trademarks as important, but does not believe that there is any reasonable likelihood of a loss of such rights that would have a material adverse effect on the Company's present business as a whole.

### **COMPETITION**

The major domestic and foreign markets for the Company's products are highly competitive. Competition is based primarily on performance, quality, style, service and price, with the relative importance of such factors varying among products. A number of companies of varying size compete with one or more of the Company's product lines.

### **EMPLOYEES**

At December 31, 1995, approximately 20,500 people were employed in the Company's continuing operations. Satisfactory relations have generally prevailed between the Company and its employees.

## ITEM 2. PROPERTIES.

The following list includes the Company's principal manufacturing facilities by location and the industry segments utilizing such facilities:

Arizona.....	Tucson (1)
California.....	Carlsbad (1), City of Industry (2), Corona (1), Costa Mesa (1)(1), Los Angeles (1), Pico Rivera (1), South Gate (1), Vista (1) and Whittier (2)
Colorado.....	Boulder (1)
Georgia.....	Atlanta (2)
Illinois.....	Alsip (2) and Chicago (1)
Indiana.....	Cumberland (1), Greensburg (1) and Kendallville (1)
Iowa.....	Northwood (1)
Kentucky.....	Henderson (1) and Morgantown (1)
Massachusetts.....	Holyoke (2)
Michigan.....	Adrian (1), Hillsdale (1), Holland (2), Lapeer (1), Madison Heights (1) and Riverview (1)
Minnesota.....	Lakeville (1)
Mississippi.....	Blue Mountain (2), New Albany (2), Olive Branch (1) and Ripley (2)(2)(2)
Nevada.....	Las Vegas (1)
New Jersey.....	Moorestown (1) and Passaic (1)
North Carolina.....	Black Mountain (2), Drexel (2), Goldsboro (2), Hickory (2), High Point (2)(2)(2), Hildebran (2)(2), Lexington (2)(2)(2)(2)(2), Linwood (2), Longview (2), Marion (2)(2), Mocksville (2), Morganton (2)(2)(2)(2)(2), Mt. Airy (2), Shelby (2), Spruce Pine (2)(2), Thomasville (1) and Whittier (2)
Ohio.....	Jackson (1), Loudonville (1), Middlefield (1)(1) and Orwell (1)
Oklahoma.....	Chickasha (1)
Oregon.....	Klamath Falls (1)
Pennsylvania.....	Aston (1), Reading (1) and Sunbury (2)
South Carolina.....	Kingstree (2)
South Dakota.....	Rapid City (1) and Sioux Falls (1)
Tennessee.....	Adamsville (1)(1), Jackson (1), LaFollette (1), Livingston (2), McEwen (1), Morristown (2)(2)(2)(2)(2)(2) and Rockwood (2)
Texas.....	Lancaster (1)
Virginia.....	Atkins (1)(1), Culpeper (1), Lynchburg (1) and Mt. Jackson (1)
Belgium.....	Brussels (1)
Canada.....	Burnaby (1), British Columbia; Brantford (1), Cambridge (1), London (1), Mississauga (2) and St. Thomas (1), Ontario; Ville D'Anjou (2), Quebec
China (P.R.C.).....	Chang Chun (2)(2), Fuzhou (2), Guang Dong (2), Guangzhou (2), Shangxi (2) and Tianjin (2)(2)(2)
Denmark.....	Odense (1)
France.....	Sevres (1)
Germany.....	Ahaus (1), Bad Zwischenahn (1), Iserlohn (1), Netzschkau (1), Steinhagen (1), Tangermunde (2) and Waldenburg (1)

Great Britain.....	Brownhills (1), Corby (1), Silsden (2) and Warminster (2), England; Aberdare (2) and Merthyr Tydfil (2), Wales
Hong Kong.....	(2)
Indonesia.....	Semarang (2)
Italy.....	Lacchiarella (1) and Zingonia (1)
Malaysia.....	Johor (2) and Kedah (2)(2)
Mexico.....	Mexicali (1)(1)
Philippines.....	Cebu (2)(2)
Singapore.....	(2)(2)
Spain.....	Barcelona (1)
Sweden.....	Skene (2)
Taiwan.....	Kaohsiung (2)(2), Ping Tung Hsien (2), Shin Bon (2), Tai Chung (1) and Tao Yuan Hsian (2)
Turkey.....	Czerkezkoy (1)

Note: Multiple footnotes to the same municipality denote separate facilities in that location. Industry segments in the preceding table are identified as follows: (1) home improvement and building products segment and (2) discontinued operations segment.

The two principal faucet manufacturing plants are located in Greensburg, Indiana and Chickasha, Oklahoma and a new 394,000 square foot faucet manufacturing plant opened in 1995 in Jackson, Tennessee. The faucet manufacturing plants and the majority of the Company's other facilities range from approximately 20,000 to 700,000 square feet. The Company owns most of its manufacturing facilities and none of the properties is subject to significant encumbrances. In addition to its manufacturing facilities, the Company operates approximately 70 facilities (the majority of which are leased) which install fiberglass insulation and other building products. The Company's corporate headquarters are located in Taylor, Michigan and are owned by the Company. An additional building near its corporate headquarters is used by the Company's corporate research and development department.

The Company's buildings, machinery and equipment have been generally well maintained, are in good operating condition, and are adequate for current production requirements.

The following list identifies the location of the principal manufacturing and technical service facilities of MascoTech and the industry segments utilizing such facilities:



California..... Vernon (3)  
Florida..... Deerfield Beach (1) and Ocala (1)  
Indiana..... Elkhart (1), Fort Wayne (1), Kendallville (1) and North Vernon (1)  
Iowa..... Dubuque (2)  
Kentucky..... Nicholasville (1)  
Michigan..... Auburn Hills (1)(1)(1)(1), Brighton (1), Burton (1), Canton (1 and 3),  
Dearborn (1)(1), Detroit (1)(1)(1), Farmington Hills (1), Fraser (1),  
Green Oak Township (1 and 3), Hamburg (1 and 3), Holland (1), Livonia  
(1), Mt. Clemens (1), Oxford (1), Royal Oak (1), St. Clair (1), Sterling  
Heights (1), Troy (1), Warren (1), West Branch (2) and Ypsilanti (1)  
Missouri..... St. Louis (1)  
Ohio..... Bluffton (1), Bucyrus (1), Canal Fulton (1), Lima (1), Minerva (1), Port  
Clinton (1), Shelby (1) and Upper Sandusky (1)

Oklahoma.....	Tulsa (1)
Pennsylvania.....	Ridgway (1)
Virginia.....	Duffield (1) and Salem (1)
France.....	Paris (1)
Germany.....	Koln (1), Sindelfingen (1) and Zell am Harmersbach (1 and 3)
Great Britain.....	Brentwood (1), Hitchen (1), Rayleigh (1), Rochford (1), South End (1), Warwick (1) and Wolverhampton (1)
Italy.....	Poggio Rusco (1)

Note: Multiple footnotes within the same parenthesis indicate the facility is engaged in significant activities relating to more than one segment. Multiple footnotes to the same municipality denote separate facilities in that location. Industry segments in the preceding table are identified as follows: (1) Transportation-Related Product and Services; (2) Specialty Products -- Architectural; and (3) Specialty Products -- Other.

MascoTech's principal manufacturing facilities range in size from approximately 10,000 square feet to 360,000 square feet, substantially all of which are owned by MascoTech and are not subject to significant encumbrances. MascoTech's principal technical service facilities in the United States range in size from approximately 10,000 square feet to 120,000 square feet, substantially all of which are leased to MascoTech. MascoTech's executive offices are located in Taylor, Michigan, and are provided by the Company to MascoTech under a corporate services agreement.

MascoTech's buildings, machinery and equipment have been generally well maintained, are in good operating condition, and are adequate for current requirements.

**ITEM 3. LEGAL PROCEEDINGS.**

The Company is subject to claims and litigation in the ordinary course of business, but does not believe that any such claim or litigation will have a material adverse effect on its consolidated financial position.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

Not applicable.

**SUPPLEMENTARY ITEM. EXECUTIVE OFFICERS OF REGISTRANT (PURSUANT TO INSTRUCTION 3 TO ITEM 401(B) OF REGULATION S-K).**

NAME	POSITION	AGE	OFFICER SINCE
Alex Manoogian.....	Chairman Emeritus	94	1929
Richard A. Manoogian.....	Chairman of the Board and Chief Executive Officer	59	1962
Wayne B. Lyon.....	President and Chief Operating Officer	63	1972
Gerald Bright.....	Vice President	73	1970
David A. Doran.....	Vice President -- Taxes	54	1984
Daniel R. Foley.....	Vice President -- Human Resources	54	1996
Eugene A. Gargaro, Jr. ....	Vice President and Secretary	53	1993
Frank M. Hennessey.....	Executive Vice President	57	1995
Raymond F. Kennedy.....	Executive Vice President and President -- Building Products	53	1989
John R. Leekley.....	Vice President and General Counsel	52	1979
Richard G. Mosteller.....	Senior Vice President -- Finance	63	1962
John C. Nicholls, Jr. ....	Treasurer	62	1967
Robert B. Rosowski.....	Vice President -- Controller	55	1973
Samuel Valenti, III.....	Vice President -- Investments	50	1971

Executive officers who are elected by the Board of Directors serve for a term of one year or less. Each elected executive officer has been employed in a managerial capacity with the Company for over five years except for Messrs. Foley and Gargaro. Mr. Foley was employed by MascoTech, Inc. as its Vice President -- Human Resources from 1994 to 1996 and was President of Executive Business Partners, Inc., a training and consulting firm, from 1993 to 1994. From 1991 to 1992, he was Vice President -- Administration and General Counsel at Domino's Pizza, Inc., engaged in producing, distributing and retail sales of food products through franchised and company-owned stores. Mr. Gargaro joined the Company as its Vice President and Secretary in October, 1993. Prior to joining the Company, Mr. Gargaro was a partner at the Detroit law firm of Dykema Gossett PLLC. Mr. Gargaro has served as a director and Secretary of MascoTech, Inc., since 1984, and a director and Secretary of TriMas Corporation since 1989. Richard A. Manoogian, the Chairman of the Board and Chief Executive Officer of the Company, is the son of its Chairman Emeritus, Alex Manoogian.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

The New York Stock Exchange is the principal market on which the Company's Common Stock is traded. The following table indicates the high and low sales prices of the Company's Common Stock as reported on the New York Stock Exchange Composite Tape and the cash dividends declared per share for the periods indicated:

DIVIDENDS	QUARTER	MARKET PRICE		DECLARED
		HIGH	LOW	
-----				
1994				
Fourth.....		\$25 1/4	\$21 1/4	\$ .18
Third.....		28 1/4	23 5/8	.18
Second.....		32 1/8	26 1/4	.17
First.....		39 3/4	31	.17
				-----
Total.....				\$ .70
				=====
1995				
Fourth.....		\$31 1/2	\$27	\$ .19
Third.....		29 1/2	25 3/8	.19
Second.....		29 3/8	24 5/8	.18
First.....		27 3/4	22 1/2	.18
				-----
Total.....				\$ .74
				=====

On March 1, 1996, there were approximately 6,340 holders of record of the Company's Common Stock.

The Company expects that its practice of paying quarterly dividends on its Common Stock will continue, although future dividends will continue to depend upon the Company's earnings, capital requirements, financial condition and other factors.

**ITEM 6. SELECTED FINANCIAL DATA.**

The following table sets forth summary consolidated financial information for the Company's continuing operations, for the years and dates indicated:

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
	1995	1994	1993	1992	1991
Net sales.....	\$2,927,000	\$2,583,000	\$2,243,000	\$2,042,000	\$1,763,000
Income from continuing operations(1)...	\$ 200,050	\$ 172,710	\$ 215,210	\$ 179,130	\$ 68,940
Per share of common stock:					
Income from continuing operations(1).....	\$1.25	\$1.09	\$1.41	\$1.18	\$.46
Dividends declared.....	\$.74	\$.70	\$.66	\$.62	\$.58
Dividends paid.....	\$.73	\$.69	\$.65	\$.61	\$.57
At December 31:					
Total assets.....	\$3,778,630	\$4,177,100	\$3,864,850	\$3,765,220	\$3,544,680
Long-term debt.....	\$1,577,100	\$1,587,160	\$1,413,480	\$1,481,680	\$1,354,970

(1) The year 1994 includes a \$79 million after-tax (\$.50 per share) non-cash equity investment charge.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

### **CORPORATE DEVELOPMENT**

Acquisitions have historically contributed significantly to Masco's long-term growth, even though generally the initial impact on earnings is minimal after deducting acquisition-related costs such as interest and added depreciation and amortization. The important earnings benefit to Masco arises from subsequent growth of acquired companies, since incremental sales are not handicapped by these expenses.

### **DISCONTINUED OPERATIONS**

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. Accordingly, the applicable financial statements and related notes have been reclassified to present the home furnishings products segment as discontinued operations; therefore, net sales of this segment have been excluded from consolidated net sales presented herein. The 1995 fourth quarter includes a non-cash after-tax charge of \$650 million to reflect the anticipated loss from the disposition of this segment. Company operations included in this segment are principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings.

Net sales and operating profit attributable to the home furnishings products segment for the eleven months ended November 30, 1995 and for the years ended December 31, 1994 and 1993 were \$1,852 million and \$85.9 million, \$1,885 million and \$78.9 million and \$1,643 million and \$57.6 million, respectively.

The Company intends to dispose of the businesses comprising the home furnishings products segment in 1996. Should the Company retain a common equity interest in these businesses after disposition, such interest would be less than 20 percent.

Cash proceeds received from the disposition of these businesses will be used to reduce Company indebtedness, and may be invested in acquisitions or used to repurchase Company common shares.

### **PROFIT MARGINS -- CONTINUING OPERATIONS**

Net income from continuing operations as a percentage of sales was 6.8 percent, 6.7 percent and 9.6 percent in 1995, 1994 and 1993, respectively.

After-tax profit return on shareholders' equity as measured by income from continuing operations was 9.4 percent, 8.6 percent and 11.4 percent in 1995, 1994 and 1993, respectively.

For 1994, income from continuing operations as a percentage of sales and after-tax profit return on shareholders' equity, as measured by income from continuing operations, reflect an unusual after-tax charge of \$79 million or approximately \$.50 per share for the Company's equity share of its affiliate MascoTech, Inc.'s \$315 million non-cash after-tax charge for the divestiture of its non-core businesses. Prior to giving effect to such charge, income from continuing operations as a percentage of sales and after-tax profit return on shareholders' equity for 1994 were 9.7 percent and 12.5 percent, respectively.

### **LIQUIDITY AND CAPITAL RESOURCES -- CONTINUING OPERATIONS**

Over the years, the Company has largely funded its growth through cash provided by a combination of operations and long-term bank and other borrowings.

At year-end 1995, current assets were approximately 2.2 times current liabilities.

During 1995, cash of \$262 million was provided by operating activities of continuing operations, by \$74 million from the sale of the Company's Formica Corporation investment and by \$35 million from discontinued operations; cash decreased by \$165 million for the purchase of property and equipment, by \$116 million for cash dividends, by \$52 million for a net decrease in debt and by \$14 million for

other cash outflows. The aggregate of the preceding items represents a net cash inflow of \$24 million in 1995. Cash provided by operating activities of continuing operations totalled \$262 million, \$289 million and \$269 million in 1995, 1994 and 1993, respectively; the Company has generally reinvested a majority of these funds in its operations.

The Company's anticipated internal cash flow is expected to provide sufficient liquidity to fund its near-term working capital and other investment needs. The Company believes that its longer-term working capital and other general corporate requirements will be satisfied through its internal cash flow and, to the extent necessary, in the financial markets.

#### **RECEIVABLES AND INVENTORIES -- CONTINUING OPERATIONS**

During 1995, the Company's receivables increased by \$28 million, primarily as a result of increased fourth quarter sales in 1995 compared with the same period in 1994.

During 1995, the Company's inventories increased by \$22 million. As compared with the average manufacturing company, the Company maintains a higher investment in inventories, which relates to the Company's business strategies of providing better customer service, establishing efficient production scheduling and benefitting from larger, more cost-effective purchasing.

#### **CAPITAL EXPENDITURES AND DEPRECIATION -- CONTINUING OPERATIONS**

Capital expenditures totalled \$165 million in 1995, compared with \$122 million in 1994. These amounts primarily pertain to expenditures for additional facilities related to increased demand for existing products as well as for new Masco products. The Company also continues to invest in automating its manufacturing operations and increasing its productivity, in order to be a more efficient producer and improve customer service and response time.

Depreciation expense and amortization expense were \$65.3 million and \$24.8 million, respectively, in 1995, compared with \$54.5 million and \$19.3 million, respectively, in 1994. At each balance sheet date, management assesses whether there has been an impairment in the carrying value of excess of cost over net assets of acquired companies, primarily by comparing current and projected sales, operating income and annual cash flows with the related annual amortization expense.

#### **EQUITY AND OTHER INVESTMENTS IN AFFILIATES**

Equity earnings from affiliates were \$26.2 million in 1995 compared with an equity loss of \$99.5 million in 1994 and equity earnings of \$18.7 million in 1993.

In December 1994, MascoTech, Inc., an equity affiliate of the Company, announced and recorded a non-cash after-tax charge of \$315 million in anticipation of losses associated with the planned disposition of its non-core businesses. As a result, the Company in 1994 recorded a \$138 million pre-tax charge (\$79 million after-tax) as its equity share of this non-cash charge.

#### **CASH DIVIDENDS**

During 1995, the Company increased its dividend rate six percent to \$.19 per share quarterly. This marks the 37th consecutive year in which dividends have been increased. Dividend payments over this period have increased at an 18 percent average annual rate. Although the Company is aware of the greater interest in yield by many investors and has maintained an increased dividend payout in recent years, the Company continues to believe that its shareholders' long-term interests are best served by investing a significant portion of its earnings in the future growth of the Company.

#### **RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS**

Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," will not have a material impact on

the Company's financial statements when adopted in 1996. SFAS No. 123, "Accounting for Stock-Based Compensation," becomes effective in 1996. The Company intends to adopt the pro forma disclosure provisions of SFAS No. 123 and will continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

## **GENERAL FINANCIAL ANALYSIS -- CONTINUING OPERATIONS**

### **1995 VERSUS 1994**

Net sales in 1995, aided by acquisitions in late 1994, increased 13 percent to \$2,927 million; excluding acquisitions, net sales increased 7 percent.

Cost of sales as a percentage of sales increased to 63.1 percent in 1995 from 60.9 percent in 1994, primarily as a result of plant start-up costs related to a major new faucet facility in the U.S. and product sales mix. Product sales mix was primarily influenced by a higher percentage of lower margin sales to total sales.

Selling, general and administrative expenses as a percentage of sales increased to 23.2 percent in 1995 from 22.4 percent in 1994, primarily as a result of increased promotional, advertising and insurance costs. Operating profit, before general corporate expense, decreased 4 percent in 1995 to \$493 million.

Included in other income and expense for 1995 are equity earnings from MascoTech of \$18 million as compared with \$106 million of equity loss from MascoTech in 1994; such equity loss reflects the Company's equity share of MascoTech's unusual non-cash 1994 fourth quarter charge for the disposition of its non-core businesses.

After-tax income from continuing operations and income from continuing operations per share for 1995 were \$200 million and \$1.25, respectively, as compared with income from continuing operations and income from continuing operations per share for 1994 (prior to the Company's share of the above-mentioned 1994 MascoTech charge) of \$252 million and \$1.59, respectively. Including the above-mentioned charge of approximately \$.50 per share, income from continuing operations for 1994 was \$173 million, with earnings per share of \$1.09.

### **1994 VERSUS 1993**

Net sales in 1994, aided by acquisitions, increased 15 percent to \$2,583 million; excluding acquisitions, net sales increased 8 percent. Cost of sales as a percentage of sales decreased modestly to 60.9 percent in 1994 from 61.4 percent in 1993. Selling, general and administrative expenses as a percentage of sales decreased to 22.4 percent in 1994 from 23.2 percent in 1993. Operating profit, before general corporate expense, increased 22 percent to \$511 million, primarily due to increased sales and profit improvement programs.

Included in other income and expense for 1994 are equity losses from MascoTech of \$106 million, which reflect the Company's equity share of MascoTech's unusual non-cash fourth quarter charge for the disposition of its non-core businesses, as compared with \$13.2 million of equity earnings from MascoTech in 1993. Equity earnings from MascoTech in 1993 are net of an approximate \$10 million after-tax fourth quarter charge which reflects the Company's equity share of MascoTech's loss provision for the disposition of its energy-related businesses and extraordinary loss on the early extinguishment of debt. In 1994, MascoTech reported a loss from continuing operations and a net loss, after preferred stock dividends, of \$234.4 million and \$233.1 million, respectively, as compared with income from continuing operations and net income, after preferred stock dividends, of \$70.9 million and \$32.7 million, respectively, in 1993.

Included in other income and expense for 1993 is a \$28.3 million pre-tax gain (approximately \$18 million after-tax) on the redemption of MascoTech's 10% exchangeable preferred stock. This gain was principally offset by the Company's approximate \$10 million after-tax equity share of MascoTech's

above-mentioned 1993 fourth quarter special charges, as well as by charges related to certain restructurings of Company operations.

After-tax income from continuing operations and income from continuing operations per share for 1994, prior to the above-mentioned MascoTech charge for the disposition of its non-core businesses, were \$252 million and \$1.59, representing increases of 17 percent and 13 percent from \$215 million and \$1.41 in 1993, respectively. Including the above-mentioned charge of approximately \$.50 per share, income from continuing operations was \$173 million, with earnings per share of \$1.09.



**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors  
and Shareholders of Masco Corporation:

We have audited the accompanying consolidated balance sheet of Masco Corporation and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 1995, and the financial statement schedule as listed in Item 14(a)(2)(i) of this Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Masco Corporation and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

**COOPERS & LYBRAND L.L.P.**

Detroit, Michigan  
March 1, 1996

**MASCO CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 1995 AND 1994**

**ASSETS**

	1995	1994
	-----	-----
Current Assets:		
Cash and cash investments.....	\$ 60,470,000	\$ 36,530,000
Receivables.....	439,900,000	411,590,000
Inventories.....	391,760,000	370,010,000
Prepaid expenses and other.....	72,370,000	61,510,000
	-----	-----
Total current assets.....	964,500,000	879,640,000
Equity investments in MascoTech, Inc. ....	202,380,000	184,960,000
Equity investments in other affiliates.....	62,570,000	56,700,000
Property and equipment.....	856,690,000	756,650,000
Excess of cost over acquired net assets.....	343,510,000	290,710,000
Other assets.....	296,310,000	279,480,000
Net assets of discontinued operations.....	1,052,670,000	1,728,960,000
	-----	-----
Total assets.....	\$3,778,630,000	\$4,177,100,000
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Notes payable.....	\$ 25,690,000	\$ 38,660,000
Accounts payable.....	125,230,000	110,550,000
Accrued liabilities.....	294,930,000	260,990,000
	-----	-----
Total current liabilities.....	445,850,000	410,200,000
Long-term debt.....	1,577,100,000	1,587,160,000
Deferred income taxes and other.....	100,250,000	61,410,000
	-----	-----
Total liabilities.....	2,123,200,000	2,058,770,000
	-----	-----
Shareholders' Equity:		
Common shares authorized: 400,000,000; issued: 1995 -- 160,380,000; 1994 -- 156,990,000.....	160,380,000	156,990,000
Preferred shares authorized: 1,000,000.....	--	--
Paid-in capital.....	128,550,000	44,840,000
Retained earnings.....	1,366,330,000	1,924,740,000
Cumulative translation adjustments.....	170,000	(8,240,000)
	-----	-----
Total shareholders' equity.....	1,655,430,000	2,118,330,000
	-----	-----
Total liabilities and shareholders' equity.....	\$3,778,630,000	\$4,177,100,000
	=====	=====

See notes to consolidated financial statements.

MASCO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

	1995	1994	1993
	-----	-----	-----
Net sales.....	\$2,927,000,000	\$2,583,000,000	\$2,243,000,000
Cost of sales.....	1,846,330,000	1,574,100,000	1,376,260,000
	-----	-----	-----
Gross profit.....	1,080,670,000	1,008,900,000	866,740,000
Selling, general and administrative expenses...	678,330,000	578,150,000	520,520,000
	-----	-----	-----
Operating profit.....	402,340,000	430,750,000	346,220,000
	-----	-----	-----
Other income (expense), net:			
Re: MascoTech, Inc.:			
Equity earnings (loss).....	18,200,000	(106,110,000)	13,160,000
Interest and dividend income.....	--	--	16,220,000
Gain from redemption of preferred stock...	--	--	28,300,000
Equity earnings, other affiliates.....	8,010,000	6,630,000	5,530,000
Other, net.....	(2,960,000)	23,090,000	4,540,000
Interest expense.....	(73,800,000)	(61,530,000)	(64,780,000)
	-----	-----	-----
	(50,550,000)	(137,920,000)	2,970,000
	-----	-----	-----
Income from continuing operations before income taxes.....	351,790,000	292,830,000	349,190,000
Income taxes.....	151,740,000	120,120,000	133,980,000
	-----	-----	-----
Income from continuing operations....	200,050,000	172,710,000	215,210,000
	-----	-----	-----
Discontinued operations (net of income taxes):			
Income from operations of discontinued segment.....	8,270,000	20,990,000	5,890,000
Loss on disposition, net.....	(650,000,000)	--	--
	-----	-----	-----
Net income (loss).....	\$ (441,680,000)	\$ 193,700,000	\$ 221,100,000
	=====	=====	=====
Earnings (loss) per share:			
Continuing operations.....	\$ 1.25	\$1.09	\$1.41
Discontinued operations:			
Income from operations of discontinued segment.....	.05	.13	.04
Loss on disposition, net.....	(4.07)	--	--
	-----	-----	-----
Earnings (loss) per share.....	\$(2.77)	\$1.22	\$1.45
	=====	=====	=====

See notes to consolidated financial statements.

MASCO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

	1995	1994	1993
	-----	-----	-----
Cash Flows From (For):			
Operating Activities:			
Income from continuing operations.....	\$ 200,050,000	\$ 172,710,000	\$ 215,210,000
Depreciation and amortization.....	90,090,000	73,830,000	71,450,000
Equity (earnings) loss, net.....	(17,770,000)	106,200,000	(13,750,000)
Deferred income taxes and other.....	18,240,000	(31,930,000)	(3,710,000)
Gain from redemption of MascoTech preferred stock, net of tax.....	--	--	(17,550,000)
	-----	-----	-----
Total from earnings.....	290,610,000	320,810,000	251,650,000
(Increase) in receivables.....	(56,660,000)	(25,750,000)	(20,680,000)
(Increase) decrease in inventories.....	(13,970,000)	(39,900,000)	1,580,000
Increase in accounts payable and accrued liabilities, net.....	42,110,000	33,780,000	36,880,000
	-----	-----	-----
Net cash from operating activities of continuing operations.....	262,090,000	288,940,000	269,430,000
Operating activities of discontinued operations.....	60,370,000	24,500,000	(3,670,000)
	-----	-----	-----
Net cash from operating activities....	322,460,000	313,440,000	265,760,000
	-----	-----	-----
Investing Activities:			
Capital expenditures.....	(165,080,000)	(121,790,000)	(96,020,000)
Currency translation adjustments.....	8,420,000	12,150,000	(14,120,000)
Sale of affiliate investments to MascoTech.....	--	--	87,500,000
Proceeds from sale of Formica investment...	74,470,000	--	--
Proceeds from redemption of MascoTech preferred stock.....	--	--	100,000,000
Acquisition of companies.....	--	(126,830,000)	--
Other, net.....	(21,990,000)	(20,820,000)	38,000,000
Investing activities of discontinued operations.....	(38,290,000)	(78,290,000)	(85,690,000)
	-----	-----	-----
Net cash from (for) investing activities.....	(142,470,000)	(335,580,000)	29,670,000
	-----	-----	-----
Financing Activities:			
Issuance of notes.....	--	--	400,000,000
Retirement of notes.....	(200,000,000)	--	(200,000,000)
Increase in other debt.....	497,830,000	239,710,000	290,520,000
Payment of other debt.....	(350,010,000)	(57,240,000)	(554,850,000)
Repurchase of Company Common Stock.....	--	(61,730,000)	--
Cash dividends paid.....	(116,350,000)	(108,960,000)	(99,000,000)
Financing activities of discontinued operations.....	12,480,000	(48,250,000)	(67,130,000)
	-----	-----	-----
Net cash (for) financing activities...	(156,050,000)	(36,470,000)	(230,460,000)
	-----	-----	-----
Cash and Cash Investments:			
Increase (decrease) for the year.....	23,940,000	(58,610,000)	64,970,000
At January 1.....	36,530,000	95,140,000	30,170,000
	-----	-----	-----
At December 31.....	\$ 60,470,000	\$ 36,530,000	\$ 95,140,000
	=====	=====	=====

See notes to consolidated financial statements.

# MASCO CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

**Principles of Consolidation.** The consolidated financial statements include the accounts of Masco Corporation and all majority-owned subsidiaries. All significant intercompany transactions have been eliminated. The Company classified its home furnishings products segment as discontinued operations in 1995 (See "Discontinued Operations" note). Accordingly, the December 31, 1994 balance sheet and statements of operations and cash flows for 1994 and 1993 and related notes have been reclassified to conform to the current year presentation.

**Use of Estimates in the Preparation of Financial Statements.** The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates and assumptions.

**Average Shares Outstanding.** The average number of common shares outstanding in 1995, 1994 and 1993 approximated 159.6 million, 158.8 million and 152.7 million, respectively.

**Cash and Cash Investments.** The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash investments.

**Receivables.** Accounts and notes receivable are presented net of allowances for doubtful accounts of \$16.3 million at December 31, 1995 and \$12.0 million at December 31, 1994.

**Property and Equipment.** Property and equipment, including significant betterments to existing facilities, are recorded at cost. Upon retirement or disposal, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Maintenance and repair costs are charged to expense as incurred.

**Depreciation and Amortization.** Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 to 10 percent, and machinery and equipment, 5 to 33 percent. Depreciation was \$65.3 million, \$54.5 million and \$50.5 million in 1995, 1994 and 1993, respectively.

The excess of cost over net assets of acquired companies is being amortized using the straight-line method over periods not exceeding 40 years; at December 31, 1995 and 1994 such accumulated amortization totalled \$58.1 million and \$48.1 million, respectively. At each balance sheet date, management assesses whether there has been an impairment in the carrying value of excess of cost over net assets of acquired companies, primarily by comparing current and projected sales, operating income and annual cash flows with the related annual amortization expense. Purchase costs of patents are being amortized using the straight-line method over the legal lives of the patents, not to exceed 17 years. Amortization of intangible assets was \$24.8 million, \$19.3 million and \$20.9 million in 1995, 1994 and 1993, respectively.

**Fair Value of Financial Instruments.** The carrying value of financial instruments reported in the balance sheet for current assets and current liabilities approximates fair value. The fair value of financial instruments that are carried as long-term investments (other than those accounted for by the equity method) was based principally on quoted market prices for those or similar investments or by discounting future cash flows using a discount rate that approximates the risk of the investments. The fair value of the Company's long-term debt instruments was based principally on quoted market prices for the same or similar issues or the current rates available to the Company for debt with similar terms and remaining maturities. The aggregate market value of the Company's long-term investments and long-term debt at December 31, 1995 was approximately \$157 million and \$1,603 million, as compared with the Company's carrying value of \$116 million and \$1,577 million, respectively. The aggregate market value of the Company's long-term investments and long-term debt at December 31, 1994 was

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCOUNTING POLICIES -- (CONCLUDED)

approximately \$158 million and \$1,477 million, as compared with the Company's carrying value of \$123 million and \$1,587 million, respectively.

Recently Issued Financial Accounting Standards. Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," will not have a material impact on the Company's financial statements when adopted in 1996. SFAS No. 123, "Accounting for Stock-Based Compensation," becomes effective in 1996. The Company intends to adopt the pro forma disclosure provisions of SFAS No. 123 and will continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

DISCONTINUED OPERATIONS

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. Accordingly, the applicable financial statements and related notes, except as otherwise noted, have been reclassified to present the home furnishings products segment as discontinued operations. Company operations included in this segment are principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings. The Company recorded a fourth quarter 1995 pre-tax and after-tax non-cash charge of \$650 million for the anticipated loss on disposition of this segment. The potential income tax benefit of approximately \$230 million from the loss on disposition was not recorded due to the likelihood that such loss will be capital in nature and that the Company is unable to quantify the portion of such capital loss benefit which may ultimately be realizable. The approximate components of the charge were as follows, in thousands:

Write-down of assets due to anticipated net proceeds being less than carrying value:	
Excess of cost over acquired net assets.....	\$402,000
Property and equipment.....	238,000
Provision for disposition costs, net of estimated income during anticipated holding period.....	10,000
-----	
Pre-tax and after-tax disposition charge.....	\$650,000
=====	

This charge reflects the Company's best estimate of the amount anticipated to be realized on the disposition of its home furnishings products businesses. The estimated amount that the Company anticipates to realize on disposition is based on negotiations with potential acquirors and independent parties familiar with valuations of this nature. The amount that the Company will ultimately realize could differ materially from the amount assumed in arriving at the loss on disposition of the home furnishings products segment. The Company intends to dispose of the businesses comprising the home furnishings products segment in 1996. Should the Company retain a common equity interest in these businesses after disposition, such interest would be less than 20 percent.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DISCONTINUED OPERATIONS -- (CONTINUED)

Selected financial information for these discontinued operations is as follows at December 31, 1995 and 1994 and for the period up to the decision to discontinue in late November 1995 and for the years ended December 31, 1994 and 1993:

	( IN THOUSANDS ) AT DECEMBER 31	
	----- 1995	----- 1994
Cash.....	\$ 17,860	\$ 24,620
Receivables.....	347,570	333,590
Inventories.....	560,360	578,820
Prepaid expenses.....	55,830	58,500
Excess of cost over acquired net assets.....	401,530	415,450
Property and equipment.....	490,160	475,150
Other assets.....	39,860	39,500
Liabilities.....	(210,500)	
(196,670)		
Anticipated loss on disposition of segment, net.....	(650,000)	--
	-----	-----
Net assets of discontinued operations.....	\$1,052,670	\$1,728,960
	=====	=====

The Company guarantees certain credit facilities of the home furnishings products businesses. Amounts available under these facilities aggregate approximately \$130 million, of which approximately \$25 million was outstanding as of December 31, 1995.

( IN

THOUSANDS)

	ELEVEN MONTHS ENDED NOVEMBER 30, 1995		1994	1993
-----				
Net sales.....	\$1,852,000	\$1,885,000		
\$1,643,000				
=====				
Gross profit.....	\$ 450,130	\$ 457,330	\$	
397,630				
Selling, general and administrative expenses.....	364,210	378,480		
340,020				
-----				
Operating profit.....	85,920	78,850		
57,610				
Other expense, net.....	55,660	49,080		
44,200				
-----				
Income before income taxes.....	30,260	29,770		
13,410				
Income taxes.....	21,990	8,780		
7,520				
-----				
Income from operations of discontinued segment.....	\$ 8,270	\$ 20,990	\$	
5,890				
=====				

Other expense, net above includes allocable interest expense of \$44.0 million, \$43.2 million and \$41.0 million in 1995, 1994 and 1993, respectively. Interest expense of the Company not directly attributable to specific operations of the Company was allocated to discontinued operations based upon the assumed reduction of Company debt from application of certain anticipated cash proceeds from the disposal. The income tax rate of discontinued operations was higher in 1995 primarily due to higher taxes on foreign operations and decreased foreign tax credits.



MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DISCONTINUED OPERATIONS -- (CONCLUDED)

Cash flows from (for) discontinued operations as shown in the consolidated statement of cash flows are comprised of the following:

	( IN THOUSANDS )		
	1995	1994	1993
	-----	-----	-----
Operating Activities:			
Income from operations of discontinued segment.....	\$ 8,270	\$ 20,990	\$ 5,890
Depreciation and amortization.....	50,650	46,800	44,540
(Increase) decrease in working capital.....	1,450	(43,290)	
(54,100)			
	-----	-----	-----
Net cash from (for) operating activities of discontinued operations.....	\$ 60,370	\$ 24,500	\$
(3,670)			
	=====	=====	=====
Investing Activities:			
Capital expenditures.....	\$(61,390)	\$(68,820)	
Other, net.....	23,100	(9,470)	
(15,170)			
	-----	-----	-----
Net cash (for) investing activities of discontinued operations.....	\$(38,290)	\$(78,290)	
\$(85,690)			
	=====	=====	=====
Financing Activities:			
Payment of debt.....	\$ (3,720)	\$(73,140)	
Increase in debt.....	16,200	24,890	250
Net cash from (for) financing activities of discontinued operations.....	\$ 12,480	\$(48,250)	
\$(67,130)			
	=====	=====	=====

INVENTORIES

THOUSANDS )	( IN	
	AT DECEMBER 31	
-----	1995	1994
-----	-----	
Raw material.....	\$171,670	
\$158,710		
Finished goods.....	130,070	
126,250		
Work in process.....	90,020	
85,050		
-----	-----	
\$370,010	\$391,760	
=====	=====	

Inventories are stated at the lower of cost or net realizable value, with cost determined principally by use of the first-in, first-out method.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EQUITY INVESTMENTS IN AFFILIATES

Equity investments in affiliates consist primarily of the following common equity and partnership interests:

	AT DECEMBER 31	
	1995	1994
1993		
-----		
MascoTech, Inc.....	45%	44%
42%		
Hans Grohe, a German partnership.....	27%	27%
27%		
TriMas Corporation.....	5%	5%
5%		

MascoTech, Inc. presently has voting preferred shares outstanding, which are to be converted into common shares no later than mid-1997. On an assumed converted basis and utilizing the minimum number of common shares to be so issued, the Company's equity investment in MascoTech would be 39 percent at December 31, 1995 (which equals the Company's voting interest at that date).

Excluding the partnership interest in Hans Grohe, for which there is no quoted market value, the aggregate market value of the Company's equity investments at December 31, 1995 (which may differ from the amounts that could then have been realized upon disposition), based upon quoted market prices at that date, was \$376 million, as compared with the Company's related aggregate carrying value of \$223 million.

The Company's carrying value of its equity investments in MascoTech exceeds its equity in the underlying net book value by approximately \$74 million at December 31, 1995. This excess, which principally resulted from repurchases by MascoTech of its common stock, is being amortized over a period not to exceed 40 years. The Company's carrying value of its other equity investments at December 31, 1995 approximates the Company's equity in the underlying net book value in these affiliates.

In March 1993, the Company and MascoTech partially restructured their affiliate relationships through transactions that reduced the Company's common equity interest in MascoTech from 47 percent to approximately 35 percent and resulted in MascoTech's acquisition of the Company's investments in Emco Limited, a Canadian company. The Company received \$87.5 million in cash, \$100 million of 10% exchangeable preferred stock and seven-year warrants to purchase 10 million common shares of MascoTech at \$13 per share. MascoTech received 10 million of its common shares, all \$77.5 million of its 12% exchangeable preferred stock, the Company's investments in Emco Limited and a modified option expiring in March 1997 to require the Company to purchase up to \$200 million aggregate amount of debt securities in MascoTech.

In November 1993, MascoTech redeemed for cash its \$100 million of 10% exchangeable preferred stock issued in March 1993. As a result of this redemption, the Company realized a \$28.3 million pre-tax gain.

In December 1993, following MascoTech's call for redemption, the Company converted \$130 million of MascoTech's 6% debentures due 2011 into MascoTech common stock, thereby increasing the Company's common equity interest in MascoTech from approximately 35 percent to 42 percent.

**MASCO CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**EQUITY INVESTMENTS IN AFFILIATES -- (CONCLUDED)**

Approximate combined condensed financial data of the above-listed affiliates are summarized in U.S. dollars as follows, in thousands:

	1995	1994	1993
	-----	-----	-----
At December 31:			
Current assets.....	\$ 788,020	\$ 944,940	\$ 875,610
Current liabilities.....	(276,180)	(277,260)	
(300,650)			
	-----	-----	-----
Working capital.....	511,840	667,680	574,960
Property and equipment.....	728,730	626,670	720,290
Other assets.....	624,430	681,630	853,720
Long-term liabilities.....	(1,083,140)	(1,266,060)	
(1,213,940)			
	-----	-----	-----
Shareholders' equity.....	\$ 781,860	\$ 709,920	\$ 935,030
	=====	=====	=====
Net sales.....	\$ 2,488,900	\$ 2,465,070	\$ 2,230,330
	=====	=====	=====
Income (loss) from continuing			
operations.....	\$ 201,860	\$ (165,200)	\$ 199,190
	=====	=====	=====
Net income (loss) attributable to common			
shareholders.....	\$ 115,570	\$ (164,750)	\$ 75,900
	=====	=====	=====
The Company's net equity in above net			
income (loss).....	\$ 26,210	\$ (99,480)	\$ 18,690
	=====	=====	=====
Cash dividends received by the Company			
from affiliates.....	\$ 8,440	\$ 6,720	\$ 4,940
	=====	=====	=====

In December 1994, MascoTech announced and recorded a non-cash after-tax charge of \$315 million in anticipation of losses associated with the planned disposition of its non-core businesses. As a result, the Company recorded its equity share of this non-cash charge.

Equity in undistributed earnings of affiliates of \$30 million at December 31, 1995, \$17 million at December 31, 1994 and \$85 million at December 31, 1993 are included in consolidated retained earnings.

**PROPERTY AND EQUIPMENT**

THOUSANDS)

( IN  
AT DECEMBER 31

	1995	1994
-----	-----	
-----		
Land and improvements.....	\$ 61,490	\$
57,350		
Buildings.....	408,570	
374,180		
Machinery and equipment.....	872,310	
768,070		
-----	-----	
	1,342,370	
1,199,600		
Less accumulated depreciation.....	485,680	
442,950		
-----	-----	
	\$ 856,690	\$
756,650		
=====	=====	

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCRUED LIABILITIES

THOUSANDS )	( IN	
	AT DECEMBER 31	
-----	1995	1994
-----	-----	
Salaries, wages and commissions.....	\$ 50,530	\$
47,310		
Insurance.....	40,930	
29,030		
Advertising and sales promotion.....	40,480	
33,990		
Dividends payable.....	29,640	
29,250		
Employee retirement plans.....	28,990	
18,140		
Interest.....	28,060	
25,770		
Income taxes.....	4,100	
23,690		
Other.....	72,200	
53,810		
	-----	
	\$294,930	
\$260,990		
	=====	
=====		

LONG-TERM DEBT

THOUSANDS)	( IN	
	AT DECEMBER 31	
-----	1995	1994
-----	-----	-----
Notes, 6.25%, due June 15, 1995..... 200,000	--	\$
Notes, 9%, due April 15, 1996..... 250,000	\$ 250,000	
Notes, 6.625%, due September 15, 1999..... 200,000	200,000	
Notes, 9%, due October 1, 2001..... 175,000	175,000	
Notes, 6.125%, due September 15, 2003..... 200,000	200,000	
Notes, 7.125%, due August 15, 2013..... 200,000	200,000	
Notes payable to banks..... 70,000	250,000	
Convertible subordinated debentures, 5.25%, due 2012..... 177,920	177,920	
Other, primarily acquisition related..... 127,890	141,870	
-----	-----	
	1,594,790	
1,600,810		
Less current portion..... 13,650	17,690	
-----	-----	
	\$1,577,100	
\$1,587,160		
=====	=====	

At December 31, 1995, all of the outstanding notes other than notes payable to banks are nonredeemable.

In June 1995, the Company retired the 6.25% notes due June 15, 1995 through borrowings under its bank revolving-credit agreement.

The Company intends to either refinance the 9% notes due April 15, 1996 through borrowings under its bank revolving-credit agreement or retire these notes with proceeds anticipated from the divestiture of the home furnishings products segment.

The 5.25% subordinated debentures due February 15, 2012 are convertible into common stock at \$42.28 per share.

The notes payable to banks relate to a \$750 million revolving-credit agreement, with any outstanding balance due and payable in May 1998. Interest is payable on borrowings under this agreement based upon various floating rates as selected by the Company (approximately 6.1 percent at December 31, 1995).

**MASCO CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**LONG-TERM DEBT -- (CONCLUDED)**

Certain debt agreements contain limitations on additional borrowings and restrictions on cash dividend payments and common share repurchases. At December 31, 1995, the amount of retained earnings available for cash dividends and common share repurchases approximated \$187 million under the most restrictive of these provisions.

At December 31, 1995, the maturities of long-term debt during each of the next five years, assuming that the bank debt is refinanced, were approximately as follows: 1996 -- \$267.7 million; 1997 -- \$9.0 million; 1998 -- \$19.8 million; 1999 -- \$218.4 million; and 2000 -- \$14.9 million.

The Company has on file with the Securities and Exchange Commission, an unallocated shelf registration pursuant to which the Company is able to issue up to a combined \$759 million of debt and equity securities.

Interest paid was approximately \$115 million, \$103 million and \$104 million in 1995, 1994 and 1993, respectively. Amounts paid include interest allocated to discontinued operations.



MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHAREHOLDERS' EQUITY

	1995	1994	( IN THOUSANDS ) 1993
	-----	-----	-----
Common Shares, \$1 Par Value			
Balance, January 1.....	\$ 156,990	\$ 152,850	\$ 152,470
Shares issued.....	3,390	6,910	380
Shares repurchased.....	--	(2,770)	--
	-----	-----	-----
Balance, December 31.....	160,380	156,990	152,850
	-----	-----	-----
Paid-In Capital			
Balance, January 1.....	44,840	69,880	61,370
Shares issued.....	83,710	33,920	8,510
Shares repurchased.....	--	(58,960)	--
	-----	-----	-----
Balance, December 31.....	128,550	44,840	69,880
	-----	-----	-----
Retained Earnings			
Balance, January 1.....	1,924,740	1,805,170	1,685,010
Retained earnings of pooled companies.....	--	37,820	--
Net income (loss).....	(441,680)	193,700	221,100
Cash dividends declared.....	(116,730)	(111,950)	(100,940)
	-----	-----	-----
Balance, December 31.....	1,366,330	1,924,740	1,805,170
	-----	-----	-----
Cumulative Translation Adjustments			
Balance, December 31.....	170	(8,240)	(20,400)
	-----	-----	-----
Shareholders' Equity			
Balance, December 31.....	\$1,655,430	\$2,118,330	\$2,007,500
	=====	=====	=====

On the basis of amounts paid (declared), cash dividends per share were \$.73 (\$.74) in 1995, \$.69 (\$.70) in 1994 and \$.65 (\$.66) in 1993.

In December 1995, the Company's Board of Directors announced the approval of a Shareholder Rights Plan. The Rights are designed to enhance the Board's ability to protect shareholders against, among other things, unsolicited attempts to acquire control of the Company that do not offer an adequate price to all shareholders or are otherwise not in the best interests of the Company's shareholders. The Rights were issued to shareholders of record on December 18, 1995 and will expire on December 6, 2005.

In 1994, the Company's Board of Directors authorized the repurchase of up to 10 million shares of its common stock in open-market transactions or otherwise. Pursuant to this authorization, approximately 2.8 million common shares were repurchased in 1994 at an aggregate cost of approximately \$62 million.

**MASCO CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**STOCK OPTIONS AND AWARDS**

For the three years ended December 31, 1995, stock option data pertaining to stock option plans for key employees of the Company and affiliated companies are as follows:

THOUSANDS )	( SHARES IN		
	1995	1994	1993
	-----	-----	
-----			
Option shares outstanding, January 1.....	5,510	5,686	
6,742			
Option shares granted.....	205	73	
298			
Option price.....	\$27-\$30	\$25-\$40	
\$27-\$37			
Option shares exercised.....	196	224	
1,210			
Option price.....	\$11-\$25	\$15-\$32	
\$2-\$30			
Option shares cancelled.....	63	25	
144			
Option price.....	\$21-\$38	\$21-\$30	
\$2-\$21			
Option shares outstanding, December 31.....	5,456	5,510	
5,686			
Option price.....	\$16-\$40	\$11-\$40	
\$10-\$37			
Option shares exercisable, December 31.....	2,916	2,445	
1,457			

Pursuant to restricted stock incentive award plans, the Company granted long-term incentive awards, net, for 1,250,000, 598,000 and 100,000 shares of Company Common Stock during 1995, 1994 and 1993, respectively, to key employees of the Company and affiliated companies. Long-term incentive awards granted in 1995 include special awards to key employees for performance achievements in the prior year. The unamortized costs of unvested awards under these plans, aggregating approximately \$77.6 million at December 31, 1995, are being amortized over the ten-year vesting periods.

At December 31, 1995, a combined total of 10,563,000 shares of Company Common Stock was available for the granting of stock options and incentive awards under the above plans.

Pursuant to the 1984 Restricted Stock (MascoTech) Incentive Plan, the Company may award to key employees of the Company and affiliated companies, shares of common stock of MascoTech, Inc. held by the Company. No such awards were granted in 1995, 1994 or 1993. At December 31, 1995, there were 4,695,000 of such shares available for granting future awards under this plan.

The data in this note include discontinued operations.

**EMPLOYEE RETIREMENT PLANS**

The Company sponsors defined-benefit pension plans and defined-contribution plans for most of its employees. In addition, substantially all salaried employees participate in noncontributory profit-sharing plans, to which payments are determined annually by the Directors. Aggregate charges to income under the Company's pension and profit-sharing plans were \$31.1 million in 1995, \$23.3 million in 1994 and \$19.2 million in 1993. Data in this note include discontinued operations.

Net periodic pension cost for the Company's pension plans includes the following components:

	(IN THOUSANDS)		
	1995	1994	1993
Service cost.....	\$ 12,150	\$ 13,690	\$ 11,800
Interest cost.....	22,110	20,060	17,240
Actual return on assets..... (28,940)	(28,090)	8,650	
Net amortization and deferral.....	7,170	(35,740)	6,100
Net periodic pension cost.....	\$ 13,340	\$ 6,660	\$ 6,200
	=====	=====	=====

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EMPLOYEE RETIREMENT PLANS -- (CONCLUDED)

Major assumptions used in accounting for the Company's pension plans are as follows:

	1995	1994	1993
-----	-----	-----	
Discount rate for obligations.....	7.25%	8.5%	
7.25%			
Rate of increase in compensation levels.....	5.0 %	5.0%	5.0
%			
Expected long-term rate of return on plan assets...	11.0 %	13.0%	13.0
%			

The funded status of the Company's pension plans is summarized as follows, in thousands, at December 31:

	1995		1994	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
	-----	-----	-----	-----
Actuarial present value of benefit obligations:				
Vested benefit obligation.....	\$ 87,960	\$ 172,910	\$ 147,110	\$ 46,840
	=====	=====	=====	=====
Accumulated benefit obligation.....	\$ 90,840	\$ 179,930	\$ 151,710	\$ 56,010
	=====	=====	=====	=====
Projected benefit obligation.....	\$ 115,100	\$ 216,600	\$ 190,120	\$ 64,210
Assets at fair value.....	91,720	133,050	170,130	35,250
	-----	-----	-----	-----
Projected benefit obligation in excess of plan assets.....	(23,380)	(83,550)	(19,990)	(28,960)
Reconciling items:				
Unrecognized net loss.....	29,400	46,080	21,510	5,240
Unrecognized prior service cost.....	(900)	22,110	7,740	10,030
Unrecognized net (asset) obligation at transition.....	(4,580)	(5,510)	(12,340)	6,640
Requirement to recognize minimum liability.....	--	(26,010)	--	(14,360)
	-----	-----	-----	-----
(Accrued)/prepaid pension cost.....	\$ 540	\$ (46,880)	\$ (3,080)	\$ (21,410)
	=====	=====	=====	=====

The funded status of the Company's pension plans at December 31, 1995 and 1994 includes assets and accumulated benefits of pension plans of discontinued operations. These plans had assets and accumulated benefits of \$135 million and \$150 million, respectively, as of December 31,

1995, and assets and accumulated benefits of \$124 million and \$120 million, respectively, as of December 31, 1994. Net periodic pension cost for these plans was \$5.1 million in 1995 and \$1.6 million in both 1994 and 1993.

The Company sponsors certain postretirement benefit plans that provide medical, dental and life insurance coverage for eligible retirees and dependents in the United States based on age and length of service. At December 31, 1995, the aggregate present value of the accumulated postretirement benefit obligation approximated \$6.7 million pre-tax and is being amortized over the remaining 18 years.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

GEOGRAPHIC INFORMATION

The Company is engaged principally in the manufacture, installation and sale of home improvement and building products including:

Faucets; plumbing fittings; kitchen and bath cabinets; shower tubs, whirlpools and spas; bath accessories; kitchen appliances; builders' hardware; venting and ventilating equipment; insulation; and water pumps.

These products are sold for the home improvement and home construction markets through mass merchandisers, hardware stores, home centers, distributors, wholesalers and other outlets to consumers and contractors.

Corporate assets consisted primarily of real property and other investments.

Pursuant to a corporate services agreement to provide MascoTech, Inc. with certain corporate staff and administrative services, the Company charges a fee approximating .8 percent of MascoTech net sales. This fee approximated \$9 million in 1995 and \$11 million in both 1994 and 1993 and is included as a reduction of general corporate expense.

The following table presents information about the Company by geographic area:

	NET SALES(1)			OPERATING PROFIT			(IN THOUSANDS) ASSETS AT DECEMBER 31		
	1995	1994	1993	1995	1994	1993	1995	1994	1993
	-----	-----	-----	-----	-----	-----	-----	-----	-----
The Company's operations by geographic area were:									
United States.....	\$2,309,000	\$2,106,000	\$1,799,000	\$400,000	\$427,000	\$348,000	\$1,525,000	\$1,312,000	\$1,147,000
European Union.....	486,000	336,000	310,000	86,000	74,000	64,000	413,000	352,000	197,000
Other foreign countries....	132,000	141,000	134,000	7,000	10,000	8,000	98,000	88,000	75,000
Total.....	\$2,927,000	\$2,583,000	\$2,243,000	493,000	511,000	420,000	2,036,000	1,752,000	1,419,000
Other (income) expense, net.....				51,000	138,000	(3,000)			
General corporate expense, net.....				90,000	80,000	74,000			
Income from continuing operations before income taxes(2).....				\$352,000	\$293,000	\$349,000			
Equity and other investments in affiliates.....							265,000	242,000	347,000
Corporate assets...							425,000	454,000	493,000
Discontinued operations.....							1,053,000	1,729,000	1,606,000
Total assets...							\$3,779,000	\$4,177,000	\$3,865,000

(1) Included in net sales in 1995, 1994 and 1993 are export sales from the U.S. of \$40.9 million, \$45.5 million and \$36.1 million, respectively.

(2) Income from continuing operations before income taxes and net income pertaining to continuing foreign operations for 1995, 1994 and 1993 were \$96 million and \$52 million, \$94 million and \$56 million, and \$79 million and \$43 million, respectively.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER INCOME (EXPENSE), NET

	(IN THOUSANDS)		
	1995	1994	1993
	-----	-----	-----
Re: MascoTech, Inc.:			
Equity earnings (loss).....	\$ 18,200	\$(106,110)	\$ 13,160
Interest and dividend income.....	--	--	16,220
Gain from redemption of preferred stock.....	--	--	28,300
Equity earnings, other affiliates.....	8,010	6,630	5,530
Other, net:			
Income from cash and marketable securities...	3,700	2,150	3,110
Other interest income.....	4,500	4,950	7,160
Other items.....	(11,160)	15,990	
(5,730)			
	-----	-----	-----
	(2,960)	23,090	4,540
Interest expense.....	(73,800)	(61,530)	
(64,780)			
	-----	-----	-----
	\$ (50,550)	\$ (137,920)	\$ 2,970
	=====	=====	=====

Interest expense is presented net of interest expense allocated to discontinued operations of \$44.0 million, \$43.2 million and \$41.0 million in 1995, 1994 and 1993, respectively.

Equity earnings from MascoTech for 1994 were \$32 million, prior to the Company's pre-tax equity share of MascoTech's non-cash 1994 fourth quarter charge.

Other items in 1995 include a \$15.9 million gain from the sale of the Company's investment in Formica Corporation; this gain was offset primarily by charges for product line disposals.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES

	(IN THOUSANDS)		
	1995	1994	1993
	-----	-----	-----
Income from continuing operations before income taxes:			
Domestic.....	\$256,190	\$199,000	\$270,550
Foreign.....	95,600	93,830	78,640
	-----	-----	-----
	\$351,790	\$292,830	\$349,190
	=====	=====	=====
Provision for income taxes:			
Currently payable:			
Federal.....	\$ 84,230	\$106,550	\$ 89,070
State and local.....	14,740	13,950	9,580
Foreign.....	34,530	31,550	39,040
Deferred:			
Federal.....	9,300	(38,510)	
(780)			
Foreign.....	8,940	6,580	
(2,930)			
	-----	-----	-----
	\$151,740	\$120,120	\$133,980
	=====	=====	=====
Deferred tax assets at December 31:			
Intangibles.....	\$ 29,340	\$ 31,810	
Inventories.....	8,910	11,540	
Accrued liabilities.....	40,430	21,990	
Other, principally equity investments.....	50,000	57,770	
	-----	-----	
	128,680	123,110	
	-----	-----	
Deferred tax liabilities at December 31:			
Property and equipment.....	102,550	88,270	
Other.....	25,860	16,330	
	-----	-----	
	128,410	104,600	
	-----	-----	
Net deferred tax asset at December 31.....	\$ 270	\$ 18,510	
	=====	=====	

Net deferred tax asset at December 31, 1995 and 1994 consists of net short-term deferred tax assets of \$44.3 million and \$28.2 million, respectively, and net long-term deferred tax liabilities of \$44.0 million and \$9.7 million, respectively.

A potential deferred tax asset of approximately \$230 million from the anticipated loss on disposition of the Company's home furnishings products segment was not recorded due to the likelihood that such loss will be capital in nature and that the Company is unable to quantify the portion of such capital loss benefit which may ultimately be realizable.



MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES -- (CONCLUDED)

The following is a reconciliation of the U.S. federal statutory rate to the effective tax rate allocated to income from continuing operations before income tax:

	1995	1994	
1993			
-----	-----	-----	-----
U.S. federal statutory rate.....	35%	35%	35%
State and local taxes, net of federal tax benefit.....	3	3	1
Higher taxes on foreign earnings.....	5	4	3
Dividends-received deduction.....	--	(2)	(1)
Amortization in excess of tax.....	1	1	1
Other, net.....	(1)	--	(1)
-----	-----	-----	-----
Effective tax rate on income from continuing operations.....	43%	41%	38%
=====	=====	=====	=====

Income taxes paid were approximately \$170 million, \$175 million and \$135 million in 1995, 1994 and 1993, respectively. Amounts paid include taxes on discontinued operations.

Earnings of foreign subsidiaries generally become taxable upon the remittance of dividends and under certain other circumstances. Provision has not been made for U.S. or additional foreign taxes on approximately \$81 million of remaining undistributed earnings of foreign subsidiaries, as those earnings are intended to be permanently reinvested; it is not practical to estimate the amount of deferred tax liability on such earnings.

**MASCO CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**COMBINED FINANCIAL STATEMENTS (UNAUDITED)**

The following presents the combined financial statements of the Company, MascoTech, Inc. and TriMas Corporation as one entity, with Masco Corporation as the parent company. The December 31, 1994 balance sheet and statements of operations and cash flows for 1994 and 1993 have been reclassified to present the Company's home furnishings products segment as discontinued operations. Intercompany transactions have been eliminated. Amounts, except earnings per share, are in thousands.

-----	1995	1994
-----	-----	-----
COMBINED BALANCE SHEET		
Assets		
Current assets:		
Cash and cash investments.....	\$ 169,240	\$
206,150		
Marketable securities.....	4,120	
72,020		
Receivables.....	727,300	
647,360		
Prepaid expenses.....	52,160	
74,990		
Deferred income taxes.....	95,650	
52,000		
Net current assets of businesses held for disposition.....	62,410	
146,690		
Inventories:		
Raw material.....	230,290	
229,670		
Finished goods.....	198,680	
187,100		
Work in process.....	142,700	
124,750		
	-----	
	571,670	
	-----	
Total current assets.....	1,682,550	
1,740,730		
Equity investments in affiliates.....	199,330	
149,220		
Property and equipment.....	1,496,840	
1,304,360		
Excess of cost over acquired net assets.....	618,190	
548,550		
Net non-current assets of businesses held for disposition.....	104,510	
232,370		
Net assets of discontinued operations.....	1,052,670	
1,728,960		
Other assets.....	390,300	
366,820		
	-----	
Total assets.....	\$5,544,390	
\$6,071,010		
	=====	
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable.....	\$ 31,050	\$
42,610		
Accounts payable.....	249,330	
244,000		
Accrued liabilities.....	406,570	
366,560		
	-----	
Total current liabilities.....	686,950	
653,170		
Long-term debt.....	2,466,210	
2,694,000		
Deferred income taxes and other.....	271,030	
184,580		



MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

	YEARS ENDED DECEMBER 31		
	1995	1994	1993
COMBINED STATEMENT OF OPERATIONS			
Net sales.....	\$ 5,141,160	\$ 4,807,560	\$ 4,258,330
Cost of sales..... (2,924,090)	(3,598,140)	(3,307,870)	
Selling, general and administrative expenses..... (772,280)	(938,480)	(855,390)	
Gains (charge) on disposition of businesses, net.....	5,290	(400,000)	--
Operating profit.....	609,830	244,300	561,960
Other income (expense), net:			
Interest expense..... (148,570)	(137,230)	(124,290)	
Other, net.....	26,990	81,070	48,520
	(110,240)	(43,220)	
(100,050)			
Income from continuing operations before income taxes and other interests.....	499,590	201,080	461,910
Income taxes.....	230,850	118,230	201,410
Other interests in combined affiliates.....	68,690	(89,860)	45,290
Income from continuing operations.....	200,050	172,710	215,210
Discontinued operations (net of income taxes):			
Income from operations of discontinued segment.....	8,270	20,990	5,890
Loss on disposition, net.....	(650,000)	--	--
Net income (loss).....	\$ (441,680)	\$ 193,700	\$ 221,100
Earnings (loss) per share:			
Continuing operations.....	\$ 1.25	\$1.09	\$1.41
Discontinued operations:			
Income from operations of discontinued segment.....	.05	.13	.04
Loss on disposition, net.....	(4.07)	--	--
Earnings (loss) per share.....	\$(2.77)	\$1.22	\$1.45

**MASCO CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**COMBINED FINANCIAL STATEMENTS (UNAUDITED) -- (CONCLUDED)**

## YEARS ENDED DECEMBER 31

	1995	1994	1993
COMBINED STATEMENT OF CASH FLOWS			
Cash Flows From (For) Operating Activities:			
Income from continuing operations.....	\$ 200,050	\$ 172,710	\$ 215,210
Depreciation and amortization.....	158,640	161,170	149,730
Equity earnings, net of dividends.....	(5,860)	(6,850)	
(4,790)			
Gain from change in investment.....	(5,100)	--	
(9,490)			
Deferred income taxes and other.....	75,130	(96,480)	12,380
(Gains) charge on disposition of			
businesses, net.....	(5,290)	400,000	--
Other interests in net income (loss) of			
combined affiliates, net.....	68,690	(89,860)	45,290
Total from earnings.....	486,260	540,690	408,330
(Increase) in receivables.....	(83,240)	(70,970)	
(30,830)			
(Increase) in inventories.....	(15,250)	(66,150)	
(9,530)			
Increase in accounts payable and accrued			
liabilities, net.....	28,640	72,220	29,060
Discontinued operations, net.....	62,560	5,790	
(6,610)			
Net cash from operating			
activities.....	478,970	481,580	390,420
Cash Flows From (For) Investing Activities:			
Capital expenditures.....	(284,350)	(261,320)	
(181,840)			
Acquisitions, net of cash acquired.....	(23,850)	(126,830)	--
Proceeds from the sale of Formica			
investment.....	74,470	--	--
Currency translation adjustments.....	8,420	12,150	
(14,120)			
Proceeds from sale of subsidiaries.....	122,190	41,220	33,170
Net assets of businesses held for			
disposition.....	(4,030)	--	--
Other, net.....	45,550	(71,090)	56,670
Discontinued operations, net.....	(38,290)	(78,290)	
(85,690)			
Net cash (for) investing			
activities.....	(99,890)	(484,160)	
(191,810)			
Cash Flows From (For) Financing Activities:			
Increase in debt.....	577,290	659,680	862,550
Payment of debt.....	(855,250)	(406,800)	
(1,020,020)			
Issuance of preferred stock.....	--	--	209,520
Repurchase of common stock.....	(13,130)	(115,860)	--
Cash dividends paid.....	(137,380)	(128,150)	
(106,360)			
Discontinued operations, net.....	12,480	(48,250)	
(67,130)			
Net cash (for) financing			
activities.....	(415,990)	(39,380)	
(121,440)			
Cash and Cash Investments:			
Increase (decrease) for the year.....	(36,910)	(41,960)	77,170
At January 1.....	206,150	248,110	170,940
At December 31.....	\$ 169,240	\$ 206,150	\$ 248,110





MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONCLUDED)

INTERIM FINANCIAL INFORMATION (UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)  
 QUARTERS ENDED

31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH
-----				
1995:				
Net sales.....	\$ 754,000	\$738,000	\$714,000	
\$721,000				
Gross profit.....	\$ 256,950	\$276,670	\$264,880	
\$282,170				
Income from continuing operations:				
Income.....	\$ 10,650	\$ 62,070	\$ 57,410	\$
69,920				
Income per share.....	\$.06	\$.39	\$.36	
\$.44				
Net income (loss):				
Income (loss).....	\$(646,580)	\$ 67,100	\$ 63,400	\$
74,400				
Income (loss) per share...	\$(4.06)	\$.42	\$.40	
\$.47				
1994:				
Net sales.....	\$ 644,000	\$671,000	\$647,000	
\$621,000				
Gross profit.....	\$ 250,200	\$264,870	\$248,100	
\$245,730				
Income (loss) from continuing operations:				
Income (loss).....	\$ (15,870)	\$ 64,190	\$ 63,610	\$
60,780				
Income (loss) per share...	\$ (.10)	\$.40	\$.40	
\$.39				
Net income (loss):				
Income (loss).....	\$ (13,800)	\$ 72,100	\$ 70,100	\$
65,300				
Income (loss) per share...	\$ (.09)	\$.45	\$.44	
\$.42				

Fourth quarter 1995 net loss and loss per share reflect the Company's \$650 million non-cash pre-tax and after-tax charge for the disposition of its home furnishings products segment.

Quarterly net sales and gross profit amounts for 1995 and 1994 exclude net sales and gross profit of the Company's home furnishings products segment, which the Company classified as discontinued operations during the fourth quarter of 1995. Net sales and gross profit of the Company's home furnishings products segment for the 1995 quarters ended March 31, June 30, September 30 and December 31 were \$505 million and \$128.4 million, \$494 million and \$121.2 million, \$497 million and \$115.5 million and \$518 million and \$123.8 million, respectively. Net sales and gross profit of the Company's home furnishings products segment for the 1994 quarters ended March 31, June 30, September 30 and December 31 were \$429 million and \$106.3 million, \$473 million and \$118.4 million, \$479 million and \$117.8 million and \$504 million and \$114.8 million, respectively.

Fourth quarter 1994 loss from continuing operations and net loss and their respective per share amounts reflect the Company's equity share of MascoTech's non-cash fourth quarter charge associated with the planned disposition of its non-core businesses.



**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

Not applicable.

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.**

Information regarding executive officers required by this Item is set forth as a Supplementary Item at the end of Part I hereof (pursuant to Instruction 3 to Item 401(b) of Regulation S-K). Other information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

**ITEM 11. EXECUTIVE COMPENSATION.**

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.**

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

**PART IV**

**ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.**

**(A) LISTING OF DOCUMENTS.**

(1) Financial Statements. The Company's Consolidated Financial Statements included in Item 8 hereof, as required at December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993, consist of the following:

**Consolidated Balance Sheet**

**Consolidated Statement of Operations**

**Consolidated Statement of Cash Flows**

**Notes to Consolidated Financial Statements**

(2) Financial Statement Schedules.

(i) Financial Statement Schedule of the Company appended hereto, as required for the years ended December 31, 1995, 1994 and 1993, consists of the following:

**II. Valuation and Qualifying Accounts**

(ii) (A) MascoTech, Inc. and Subsidiaries Consolidated Financial Statements appended hereto, as required at December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993, consist of the following:

**Consolidated Balance Sheet**

**Consolidated Statement of Operations**

**Consolidated Statement of Cash Flows**

**Notes to Consolidated Financial Statements**

(ii) (B) MascoTech, Inc. and Subsidiaries Financial Statement

Schedule appended hereto, as required for the years ended December 31, 1995, 1994 and 1993, consists of the following:

II. Valuation and Qualifying Accounts

(3) Exhibits.

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto.
- 3.ii Bylaws of Masco Corporation, as amended.(4)
- 4.a.i Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee(8), and Directors' resolutions establishing  
Masco Corporation's: (i) 9% Notes Due April 15, 1996(6), (ii) 9% Notes Due October 1, 2001(8), (iii) 6 1/4% Notes Due June 15, 1995(6), (iv) 6 5/8% Notes Due September 15, 1999(6), 6 1/8% Notes Due September 15, 2003(5), and (vi) 7 1/8% Debentures Due August 15, 2013.(5)
- 4.a.ii Agreement of Appointment and Acceptance of Successor Trustee dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First

**National Bank of Chicago.(3)**

4.a.iii Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(3)

4.b Indenture dated as of December 1, 1982 between Masco Corporation and Citibank, N.A., as Trustee, and Directors' resolutions establishing Masco Corporation's 5 1/4% Convertible Subordinated Debentures Due 2012, including form of Debenture.(8)

4.c \$750,000,000 Amended and Restated Credit Agreement dated as of May 18, 1994 among Masco Corporation, the banks signatory thereto and Morgan Guaranty Trust Company of New York, as agent(3), Amendment No. 1 thereto dated as of June 1, 1995(1), Amendment No. 2 thereto dated as of November 30, 1995 and Amendment No. 3 thereto dated as of January 31, 1996.

4.d Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(4), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(2)

4.e Credit Agreement dated as of September 2, 1993 by and among MascoTech, Inc., the banks party thereto, and NBD Bank, N.A. (now known as NBD Bank), as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., as Co-Agents(4), First Amendment thereto dated June 29, 1994(2), Second Amendment thereto dated December 21, 1994 and Third Amendment thereto dated as of September 28, 1995.

4.f Rights Agreement dated as of December 6, 1995 between Masco Corporation and The Bank of New York, as Rights Agent.

NOTE: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.

10.a Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).

10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(6)

10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).

10.d Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related forfeiture letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990(8) and Agreement dated as of November 23, 1993 including an amendment to Stock Repurchase Agreement.(4)

NOTE: Exhibits 10.e through 10.p constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.

10.e Masco Corporation 1991 Long-Term Stock Incentive Plan (Restated December 6, 1995).

10.f Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).

- 10.g Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).
- 10.h Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).
- 10.i Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).
- 10.j Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).
- 10.k MascoTech, Inc. 1991 Long-Term Stock Incentive Plan (Restated December 6, 1995).
- 10.l MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).
- 10.m MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).
- 10.n Masco Corporation Supplemental Executive Retirement and Disability Plan.(2)
- 10.o Masco Corporation Benefits Restoration Plan.(2)
- 10.p Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.(4)
- 10.q Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note.(4)
- 10.r Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(4)
- 10.s Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation).(8)
- 11 Computation of Primary and Fully Diluted Per Share Earnings.
- 12 Computation of Ratio of Earnings to Fixed Charges.
- 21 List of Subsidiaries.
- 23.a Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation's Financial Statements and Financial Statement Schedule.
- 23.b Consent of Coopers & Lybrand L.L.P. relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedule.
- 27 Financial Data Schedule.
- (1) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.
- (2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
- (3) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.
- (4) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.
- (5) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.
- (6) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.
- (7) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1991.

(8) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1991.



THE COMPANY WILL FURNISH ITS STOCKHOLDERS A COPY OF ANY OF THE ABOVE EXHIBITS NOT INCLUDED HEREIN UPON THE WRITTEN REQUEST OF SUCH STOCKHOLDER AND THE PAYMENT TO THE COMPANY OF THE REASONABLE EXPENSES INCURRED BY THE COMPANY IN FURNISHING SUCH COPY OR COPIES.

(B) REPORTS ON FORM 8-K.

The following Current Reports on Form 8-K were filed by Masco Corporation during the quarters ended December 31, 1995 and March 31, 1996:

1. Current Report on Form 8-K dated November 22, 1995 reporting under Item 5. "Other Events" the Company's agreement to sell its home furnishings group.
2. Current Report on Form 8-K dated December 21, 1995 reporting under Item 5. "Other Events" the Company's declaration of a dividend of one preferred stock purchase right for each outstanding share of common stock of the Company, payable to holders of record as of the close of business on December 18, 1995.
3. Current Report on Form 8-K dated January 4, 1996 reporting under Item 5. "Other Events" the termination of Morgan Stanley Capital Partners' participation in the purchase of the Company's home furnishings group.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MASCO CORPORATION**

By           /s/ RICHARD G. MOSTELLER

*RICHARD G. MOSTELLER*  
*Senior Vice President -- Finance*

March 28, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

          /s/ RICHARD A. MANOOGIAN

Chairman of the Board  
and Chief Executive Officer

RICHARD A. MANOOGIAN

PRINCIPAL FINANCIAL OFFICER:

          /s/ RICHARD G. MOSTELLER

Senior Vice President -- Finance

RICHARD G. MOSTELLER

PRINCIPAL ACCOUNTING OFFICER:

          /s/ ROBERT B. ROSOWSKI

Vice President -- Controller

ROBERT B. ROSOWSKI

          /s/ WAYNE B. LYON

President and Director

March 28, 1996

WAYNE B. LYON

          /s/ LILLIAN BAUDER

Director

LILLIAN BAUDER

          /s/ ERWIN L. KONING

Director

ERWIN L. KONING

          /s/ JOHN A. MORGAN

Director

JOHN A. MORGAN

          /s/ ARMAN SIMONE

Director

ARMAN SIMONE

          /s/ PETER W. STROH

Director

PETER W. STROH



**MASCO CORPORATION**

**FINANCIAL STATEMENT SCHEDULES**

**PURSUANT TO ITEM 14(A)(2) OF FORM 10-K**

**ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION**

Schedules, as required, for the years ended December 31, 1995, 1994 and 1993:

	PAGE
	-----
II. Valuation and Qualifying Accounts.....	F-2
MascoTech, Inc. and Subsidiaries Consolidated Financial Statements and Financial Statement Schedule.....	F-3

MASCO CORPORATION

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED (CREDITED) TO OTHER ACCOUNTS		
			(A)	(B)	
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1995.....	\$12,050,000	\$6,450,000	\$ 80,000	\$(2,320,000)	\$16,260,000
	=====	=====	=====	=====	=====
1994.....	\$ 9,010,000	\$4,380,000	\$1,230,000	\$(2,570,000)	\$12,050,000
	=====	=====	=====	=====	=====
1993.....	\$ 8,700,000	\$5,810,000	\$(280,000)	\$(5,220,000)	\$ 9,010,000
	=====	=====	=====	=====	=====

NOTES:

(A) Allowance of companies acquired and companies disposed of, net.

(B) Deductions, representing uncollectible accounts written off, less recoveries of accounts written off in prior years.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors  
and Shareholders of MascoTech, Inc.:

We have audited the accompanying consolidated balance sheet of MascoTech, Inc. and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 1995, and the financial statement schedule as listed in Item 14(a)(2)(ii) of this Form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MascoTech, Inc. and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

**COOPERS & LYBRAND L.L.P.**

Detroit, Michigan  
February 23, 1996

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MASCOTECH, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1995 AND 1994

ASSETS	1995	1994
	-----	-----
Current assets:		
Cash and cash investments.....	\$ 16,380,000	\$ 61,950,000
Marketable securities.....	4,120,000	62,110,000
Receivables.....	216,490,000	171,870,000
Inventories.....	94,420,000	91,950,000
Deferred and refundable income taxes.....	51,300,000	23,800,000
Prepaid expenses and other assets.....	21,630,000	39,800,000
Net current assets of businesses held for disposition.....	62,410,000	146,690,000
	-----	-----
Total current assets.....	466,750,000	598,170,000
Equity and other investments in affiliates.....	237,530,000	173,230,000
Property and equipment, net.....	466,450,000	379,330,000
Excess of cost over net assets of acquired companies.....	115,750,000	93,820,000
Notes receivable and other assets.....	47,780,000	53,770,000
Net non-current assets of businesses held for disposition.....	104,510,000	232,370,000
	-----	-----
Total assets.....	\$1,438,770,000	\$1,530,690,000
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 99,710,000	\$ 111,860,000
Accrued liabilities.....	82,400,000	72,090,000
Current portion of long-term debt.....	5,150,000	3,670,000
	-----	-----
Total current liabilities.....	187,260,000	187,620,000
Long-term debt.....	701,910,000	868,240,000
Deferred income taxes and other long-term liabilities.....	134,420,000	93,690,000
	-----	-----
Total liabilities.....	1,023,590,000	1,149,550,000
	-----	-----
Shareholders' equity:		
Preferred stock, \$1 par: Authorized: 25 million; Outstanding: 10.8 million (liquidation value -- \$216 million).....	10,800,000	10,800,000
Common stock, \$1 par: Authorized: 250 million; Outstanding: 55.5 million and 56.6 million.....	55,520,000	56,610,000
Paid-in capital.....	307,910,000	318,960,000
Retained earnings (deficit).....	32,380,000	(7,590,000)
Cumulative translation adjustments.....	8,570,000	2,360,000
	-----	-----
Total shareholders' equity.....	415,180,000	381,140,000
	-----	-----
Total liabilities and shareholders' equity.....	\$1,438,770,000	\$1,530,690,000
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

	1995	1994	1993
Net sales.....	\$ 1,678,210,000	\$ 1,702,260,000	\$ 1,582,880,000
Cost of sales.....	(1,397,880,000)	(1,385,430,000)	(1,257,480,000)
Gross profit.....	280,330,000	316,830,000	325,400,000
Selling, general and administrative expenses.....	(176,810,000)	(194,680,000)	(179,680,000)
Gains (charge) on disposition of businesses, net.....	5,290,000	(400,000,000)	--
Operating profit (loss).....	108,810,000	(277,850,000)	145,720,000
Other income (expense), net:			
Interest expense.....	(49,900,000)	(49,830,000)	(81,360,000)
Equity and interest income from affiliates.....	31,420,000	29,810,000	21,000,000
Gain from change in investment of an equity affiliate.....	5,100,000	--	9,490,000
Other, net.....	4,850,000	33,380,000	26,330,000
	(8,530,000)	13,360,000	(24,540,000)
Income (loss) from continuing operations before income taxes (credit) and extraordinary item.....	100,280,000	(264,490,000)	121,180,000
Income taxes (credit).....	41,090,000	(30,070,000)	50,290,000
Income (loss) from continuing operations before extraordinary item.....	59,190,000	(234,420,000)	70,890,000
Discontinued energy operations (net of income taxes):			
Income from operations of discontinued energy segment.....	--	--	2,630,000
Gain (loss) on disposition.....	--	11,700,000	(22,270,000)
Income (loss) before extraordinary item.....	59,190,000	(222,720,000)	51,250,000
Extraordinary income (loss) (net of income taxes).....	--	2,600,000	(3,650,000)
Net income (loss).....	\$ 59,190,000	\$ (220,120,000)	\$ 47,600,000
Preferred stock dividends.....	\$ 12,960,000	\$ 12,960,000	\$ 14,930,000
Earnings (loss) attributable to common stock.....	\$ 46,230,000	\$ (233,080,000)	\$ 32,670,000



			1993	
	1995	1994	PRIMARY	ASSUMING FULL DILUTION
	PRIMARY	PRIMARY	PRIMARY	ASSUMING FULL DILUTION
Earnings (loss) per common and common equivalent share:				
Continuing operations.....	\$ .81	\$(4.20)	\$ .97	\$.91
Discontinued energy operations:				
Income from operations of discontinued energy segment.....	--	--	.05	.04
Gain (loss) on disposition.....	--	.20	(.39)	*
Income (loss) before extraordinary item.....	.81	(4.00)	.63	.63
Extraordinary income (loss).....	--	.04	(.06)	*
Earnings (loss) attributable to common stock.....	\$ .81	\$(3.96)	\$ .57	\$.57

\* Anti-dilutive

The accompanying notes are an integral part of the consolidated financial statements.

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

	1995	1994	1993
	-----	-----	-----
CASH FROM (USED FOR):			
OPERATING ACTIVITIES:			
Net income (loss).....	\$ 59,190,000	\$(220,120,000)	\$ 47,600,000
Adjustments to reconcile net income (loss) to net cash provided by operating activities, excluding reclassification of businesses held for disposition:			
(Gains) charge on disposition of businesses, net.....	(5,290,000)	400,000,000	--
Gain from change in investment of an equity affiliate.....	(5,100,000)	--	(9,490,000)
Gains from sales of TriMas common stock....	--	(17,900,000)	--
Depreciation and amortization.....	47,070,000	66,760,000	59,810,000
Equity earnings, net of dividends.....	(23,360,000)	(23,720,000)	(12,000,000)
Increase (decrease) in deferred taxes.....	51,330,000	(67,760,000)	15,590,000
Decrease (increase) in marketable securities, net.....	57,990,000	(34,320,000)	2,980,000
(Increase) in receivables.....	(21,910,000)	(37,940,000)	(5,900,000)
Decrease (increase) in inventories.....	4,650,000	(23,390,000)	(2,990,000)
(Increase) in prepaid expenses and other current assets.....	(1,900,000)	(32,860,000)	(11,650,000)
(Decrease) increase in accounts payable and accrued liabilities.....	(9,070,000)	65,330,000	(5,900,000)
Other, net, including extraordinary item...	2,390,000	(6,000,000)	8,180,000
Net assets of businesses held for disposition, net.....	2,190,000	(30,410,000)	16,700,000
	-----	-----	-----
Net cash from operating activities.....	158,180,000	37,670,000	102,930,000
	-----	-----	-----
FINANCING ACTIVITIES:			
Issuance of convertible debt.....	--	337,240,000	--
Increase in other debt.....	79,460,000	82,730,000	--
Payment or repurchase of other debt.....	(253,770,000)	(349,230,000)	(150,020,000)
Issuance of preferred stock.....	--	--	209,520,000
Retirement of Company Common Stock.....	(13,130,000)	(54,130,000)	--
Retirement of preferred stock.....	--	--	(100,000,000)
Payment of dividends.....	(21,000,000)	(18,980,000)	(16,020,000)
Other, net.....	(2,250,000)	(5,010,000)	3,770,000
	-----	-----	-----
Net cash used for financing activities...	(210,690,000)	(7,380,000)	(52,750,000)
	-----	-----	-----
INVESTING ACTIVITIES:			
Cash received from sales of TriMas securities.....	--	18,180,000	--
Cash paid Masco Corporation.....	--	--	(87,500,000)
Cash received from sale of businesses.....	122,190,000	41,220,000	93,450,000
Acquisition of businesses.....	(23,850,000)	--	--
Capital expenditures.....	(95,800,000)	(115,220,000)	(59,540,000)
Receipt of cash from notes receivable.....	6,570,000	14,640,000	14,000,000
Other, net.....	1,860,000	(10,360,000)	(3,390,000)
Net assets of businesses held for disposition, net.....	(4,030,000)	--	--
	-----	-----	-----
Net cash from (used for) investing activities.....	6,940,000	(51,540,000)	(42,980,000)
	-----	-----	-----
CASH AND CASH INVESTMENTS:			
(Decrease) increase for the year.....	(45,570,000)	(21,250,000)	7,200,000
At January 1.....	61,950,000	83,200,000	76,000,000
	-----	-----	-----
At December 31.....	\$ 16,380,000	\$ 61,950,000	\$ 83,200,000
	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ACCOUNTING POLICIES:**

**Principles of Consolidation.** The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Corporations that are 20 to 50 percent owned are accounted for by the equity method of accounting; ownership less than 20 percent is accounted for on the cost basis unless the Company exercises significant influence over the investee. Capital transactions by equity affiliates, which reduce the Company's ownership interest at amounts differing from the Company's carrying amount, are reflected in other income or expense and the investment in affiliates account.

Certain amounts for the years ended December 31, 1994 and 1993 have been reclassified to conform to the presentation adopted in 1995. The consolidated balance sheet at December 31, 1995 and 1994 reflects the segregation of net current and net non-current assets related to the plan, adopted in late 1994, to dispose of certain businesses.

The Company has a corporate services agreement with Masco Corporation, which at December 31, 1995 owned approximately 45 percent of the Company's Common Stock. Under the terms of the agreement, the Company pays fees to Masco Corporation for various corporate staff support and administrative services, research and development and facilities. Such fees, which are determined principally as a percentage of net sales, including net sales related to businesses held for disposition, aggregated approximately \$9 million in 1995, and \$11 million in each of 1994 and 1993.

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from such estimates and assumptions.

**Cash and Cash Investments.** The Company considers all highly liquid debt instruments with an initial maturity of three months or less to be cash and cash investments. The carrying amount reported in the balance sheet for cash and cash investments approximates fair value.

**Marketable Securities.** The Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", in 1994. At December 31, 1995 and 1994, marketable equity securities have been categorized as trading securities, and, as a result, are stated at fair value.

**Receivables.** Receivables are presented net of allowances for doubtful accounts of approximately \$1.9 million and \$1.6 million at December 31, 1995 and 1994, respectively.

**Inventories.** Inventories are stated at the lower of cost or net realizable value, with cost determined principally by use of the first-in, first-out method. Inventories include technical services work in process, at the lower of cost or net realizable value, totalling approximately \$12 million at both December 31, 1995 and 1994.

**Property and Equipment, Net.** Property and equipment additions, including significant betterments, are recorded at cost. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Repair and maintenance costs are charged to expense as incurred.

**Depreciation and Amortization.** Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 1/2 to 10 percent, and machinery and equipment, 6 2/3 to 33 1/3 percent. Deferred financing costs are amortized over the lives of the related debt securities. The excess of cost over net assets of acquired companies is amortized using the straight-line method over the period estimated to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

be benefitted, not exceeding 40 years. At each balance sheet date, management assesses whether there has been a permanent impairment of the excess of cost over net assets of acquired companies by comparing anticipated undiscounted future cash flows from operating activities with the carrying amount of the excess of cost over net assets of acquired companies. The factors considered by management in performing this assessment include current operating results, business prospects, market trends, potential product obsolescence, competitive activities and other economic factors. Based on this assessment, there was no permanent impairment related to the excess of cost over net assets of acquired companies not held for disposition at December 31, 1995.

At December 31, 1995 and 1994, accumulated amortization of the excess of cost over net assets of acquired companies and patents was \$42.3 million and \$34.5 million, respectively. Amortization expense was \$13.7 million, \$22.9 million and \$22.2 million in 1995, 1994 and 1993, respectively, including amortization expense of approximately \$1.6 million in 1993 related to discontinued operations.

**Income Taxes.** The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes." SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, SFAS 109 generally allows consideration of all expected future events other than enactments of changes in the tax law or tax rates. A provision has not been made for U.S. or additional foreign taxes on approximately \$38 million of undistributed earnings of foreign subsidiaries as those earnings are intended to be permanently reinvested. Generally, such earnings become taxable upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

**Earnings (Loss) Per Common Share.** Primary earnings per common share are based on the weighted average shares of common stock and common stock equivalents outstanding (including the dilutive effect of options and warrants, utilizing the treasury stock method) of 57.1 million and 57.4 million in 1995 and 1993, respectively. Primary loss per common share in 1994 is based on 58.9 million weighted average shares of common stock outstanding. The effect of stock options and warrants on earnings per common share in 1994 would be anti-dilutive. Primary earnings (loss) per common share are calculated on earnings (loss) after deducting preferred stock dividends of \$13.0 million, \$13.0 million, and \$14.9 million in 1995, 1994 and 1993, respectively.

Fully diluted earnings per common share are only presented when the assumed conversion of convertible securities is dilutive. Fully diluted earnings per common share in 1993 was calculated based on 68.8 million weighted average common shares outstanding. Convertible securities did not have a dilutive effect on earnings (loss) per common share in 1995 or 1994.

In late 1993, approximately 10.4 million common shares were issued as a result of the conversion of the 6% Convertible Subordinated Debentures (see "Shareholders' Equity" note). If such conversion had taken place at the beginning of 1993, the primary earnings per common and common equivalent share amounts would have approximated the amounts presented for earnings per common and common equivalent share, assuming full dilution, in 1993.

**Adoption of Statements of Financial Accounting Standards.** The Company expects that Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock Based Compensation", will not have a material impact on the financial position or the results of operations of the Company when adopted in 1996. The Company expects to continue to account for employee stock based compensation under APB Opinion No. 25, "Accounting for Stock Issued to Employees" and present the proforma disclosures required by SFAS 123. The Company has estimated that the impact of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

adopting SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," will result in an after-tax gain (since the Company believes the fair value of the businesses being held for sale at January 1, 1996 exceeds the carrying value) in the range of \$10 to \$15 million recorded as a cumulative accounting change effective January 1, 1996.

**SUPPLEMENTARY CASH FLOWS INFORMATION:**

Significant transactions not affecting cash were: in 1995, in addition to cash received, approximately \$34 million comprised of both notes receivable due from, and a 29 percent equity ownership interest in, the acquiring company, as consideration for a non-core business unit; in 1993, in addition to the payment by the Company of \$87.5 million, the non-cash portion of the issuance of Company Preferred Stock and warrants in exchange for Company Common Stock, Company Preferred Stock and Masco Corporation's holdings of Emco Limited common stock and convertible debentures (see "Shareholders' Equity" note); conversion of \$187 million of convertible debentures into Company Common Stock (see "Shareholders' Equity" note); and conversion of the Company's TriMas Corporation ("TriMas") convertible preferred stock holdings into TriMas common stock.

Income taxes paid were \$11 million, \$28 million and \$32 million in 1995, 1994 and 1993, respectively. Interest paid was \$55 million, \$61 million and \$82 million in 1995, 1994 and 1993, respectively.

**DISPOSITIONS OF OPERATIONS:**

In late 1994, the Company adopted a plan to dispose, by sale or liquidation, a number of businesses, including its Architectural Products, Defense and certain of its Transportation-Related Products and Services businesses, as part of its long-term strategic plan to increase the focus on its core operating capabilities. The disposition of these businesses does not meet the criteria for discontinued operations treatment for accounting purposes; accordingly, the sales and results of operations of these businesses will be included in continuing operations until disposition. Through dates of sale, the businesses held for disposition had sales of approximately \$468 million, \$637 million and \$727 million in 1995, 1994 and 1993, respectively, and operating profit (loss) before gains (charge) on disposition of businesses, net of \$(11) million, \$(7) million and \$24 million in 1995, 1994 and 1993, respectively. These amounts for 1994 and 1993 have been restated principally to reflect the Company's subsequent decisions in 1995 and 1996 to retain two manufacturing plants and one business originally included in the businesses held for disposition, respectively.

The Company's carrying value of a number of the businesses to be disposed exceeded the estimated proceeds expected from such dispositions. To reflect the estimated loss on the disposition of these businesses, the Company in 1994 recorded a non-cash charge aggregating \$400 million pre-tax (approximately \$315 million after-tax or \$5.35 per common share) for those businesses for which a loss was anticipated. The approximate components of the charge were as follows at December 31, 1994 (in thousands):

Write-down of assets due to anticipated net proceeds being less than carrying value:	
Excess of cost over net assets of acquired companies.....	\$270,000
Other assets, principally property and equipment.....	105,000
Costs to sell included as a reduction of proceeds.....	8,000
Exit costs accruable during year.....	17,000
-----	
Pre-tax charge.....	\$400,000
=====	

The expected proceeds from the sale or liquidation of the businesses to be disposed is estimated by the Company's management at each balance sheet date based on a variety of factors, including:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

historical and projected operating performance, competitive market position, perceived strategic value to potential acquirors, tangible asset values, and other relevant factors. In addition, management's estimates of the expected proceeds included input from independent parties familiar with business valuations of this nature.

During 1995, the Company divested a number of such businesses, in separate transactions, for aggregate pre-tax proceeds of approximately \$160 million, which resulted in net gains of approximately \$25 million. These net gains were substantially offset by reductions in the estimated net proceeds the Company expects to receive from certain remaining businesses to be sold, aggregating approximately \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million.

Including transactions finalized in early 1996 which generated additional proceeds of approximately \$120 million, the Company has received aggregate proceeds (including related tax benefits) from the dispositions of businesses of approximately \$300 million. The cash portion of these proceeds has been applied to reduce the Company's indebtedness and for investment in its core businesses. The businesses that remain for sale at February 1, 1996 had net sales and operating losses before gains (charge) on disposition of businesses, net of approximately \$181 million and \$28 million, respectively, in 1995. The Company expects to dispose of these remaining businesses by mid-1996 for estimated proceeds (including related tax benefits) of approximately \$100 million. Future periods will include the operating results of the remaining businesses to be sold and any additional costs to be incurred in connection with these dispositions which cannot be accrued at December 31, 1995, as well as the result of differences, if any, between estimated and actual proceeds.

During 1995 and 1994, the Company accrued \$8 and \$17 million of exit costs, respectively, related to the businesses sold or held for sale. During 1995, \$7 million has been charged against this accrual (principally employee termination, business valuation and non-cancellable lease expenses and costs). At December 31, 1995, the liability for accrued exit costs approximates \$18 million.

In late 1993, the Company adopted a plan to divest the business units in its energy segment. This plan met the criteria for discontinued operations accounting treatment; accordingly, the consolidated statements of operations and cash flows and related notes present the Company's energy segment as discontinued operations. During 1993, two such business units were sold for approximately \$93 million, including the sale of one business unit to the Company's equity affiliate, TriMas, for \$60 million cash. The expected loss from the disposition of the Company's energy segment resulted in a fourth quarter 1993 pre-tax charge of approximately \$41 million (approximately \$22 million after-tax), including a provision for the businesses not sold in 1993 and the deferral of a portion of the gain (approximately \$6 million after-tax) related to the sale of the business to TriMas. Certain of the remaining business units were sold at prices greater than those used in estimating the loss on disposition in 1993, resulting in a reversal in 1994 of approximately \$18 million pre-tax (\$11.7 million after-tax) relating to the charge established in 1993.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Amounts included in the consolidated balance sheet for net assets of businesses held for disposition consist of the following at December 31, 1995 and 1994, after reflecting the anticipated loss on disposition recorded in 1994 and the \$12 million reduction in estimated proceeds in 1995:

	( IN THOUSANDS )	
	AT DECEMBER 31	
	1995	1994
Receivables.....	\$ 49,510	\$ 107,760
Other current assets.....	88,000	141,140
Current liabilities, including accrued exit costs..... (102,210)	(75,100)	
	-----	-----
Net current assets.....	62,410	146,690
	-----	-----
Property and equipment, net.....	26,180	120,350
Other non-current assets and liabilities, net.....	78,330	112,020
	-----	-----
Net non-current assets.....	104,510	232,370
	-----	-----
Net assets of businesses held for disposition.....	\$166,920	\$ 379,060
	=====	=====

**INVENTORIES:**

THOUSANDS )	( IN	
	AT DECEMBER 31	
	1995	1994
-----	-----	
-----		
Finished goods.....	\$21,120	
\$15,990		
Work in process.....	38,480	
35,410		
Raw material.....	34,820	
40,550		
-----	-----	
	\$94,420	
\$91,950		
-----	=====	
=====		

**EQUITY AND OTHER INVESTMENTS IN AFFILIATES:**

Equity and other investments in affiliates consist primarily of the following common stock interests in publicly traded affiliates:



-----	1995	1994
1993		
----	----	----
TriMas Corporation.....	41%	41%
43%		
Emco Limited.....	43%	43%
43%		
Titan Wheel International, Inc.....	15%	20%
21%		

TriMas is a diversified manufacturer of commercial, industrial and consumer products. Emco Limited ("Emco") is a Canadian-based manufacturer and distributor of building and other industrial products. Titan Wheel International, Inc. ("Titan") is a manufacturer of wheels, tires and other products for agricultural, construction and off-highway equipment markets.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The carrying amount of investments in affiliates at December 31, 1995 and 1994 and quoted market values at December 31, 1995 for publicly traded affiliates (which may differ from the amounts that could have been realized upon disposition) are as follows:

THOUSANDS)	( IN		
CARRYING	1995 QUOTED MARKET VALUE	1995 CARRYING AMOUNT	1994 AMOUNT
	-----	-----	
-----			
Common stock:			
TriMas Corporation.....	\$284,830	\$ 80,150	\$
60,090			
Emco Limited.....	35,260	43,720	
50,130			
Titan Wheel International, Inc.....	53,880	32,240	
20,180			
-----	-----	-----	
Common stock holdings.....	373,970	156,110	
130,400			
Convertible and other debt:			
Emco Limited.....	31,420	32,390	
31,560			
-----	-----	-----	
Investments in publicly traded affiliates.....	\$405,390	188,500	
161,960			
	=====		
Other non-public affiliates.....		49,030	
11,270			
-----		-----	
Total.....		\$237,530	
\$173,230			
		=====	
=====			

During 1994, the Company sold a portion of its common stock holdings in TriMas, decreasing the Company's common equity ownership interest in TriMas to 41 percent, and resulting in a pre-tax gain of \$17.9 million.

In May, 1993, Titan completed an initial public offering of common stock, including shares held by the Company, reducing the Company's common equity ownership interest in Titan to 24 percent from 47 percent. The Company's ownership interest was further reduced in late 1993 to 21 percent as a result of the issuance of additional common shares by Titan in connection with an acquisition by Titan. These transactions resulted in 1993 gains aggregating approximately \$12.8 million pre-tax as a result of the sale of shares held by the Company (\$3.3 million) and from the change in the Company's common equity ownership interest in Titan (\$9.5 million).

In June, 1995, Titan sold newly issued common stock in a public offering and issued common stock as a result of the conversion of convertible securities. The Company recognized pre-tax income of approximately \$5.1 million (approximately \$.05 per common share after-tax) as a result of the change in the Company's common equity ownership interest in Titan.

In addition to its equity and other investments in publicly traded affiliates, the Company has equity and other investment interests in privately held manufacturers of automotive components, including the Company's common equity ownership interest in Delco Remy International, Inc., a manufacturer of automotive electric motors and other components (acquired in 1994), and Saturn Electronics & Engineering, Inc., a manufacturer of electromechanical and electronic automotive components (acquired in 1995).

Equity in undistributed earnings of affiliates of \$38 million at December 31, 1995, \$24 million at December 31, 1994 and \$10 million at December 31, 1993 are included in consolidated retained earnings (deficit).

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Approximate combined condensed financial data of the Company's equity affiliates are as follows:

	(IN THOUSANDS)	
	AT DECEMBER 31	
	1995	1994
Current assets.....	\$ 985,310	\$ 881,150
Current liabilities..... (320,400)	(413,290)	
Working capital.....	572,020	560,750
Property and equipment, net.....	581,670	524,140
Excess of cost over net assets of acquired companies...	261,300	198,620
Other assets.....	90,180	80,710
Long-term debt..... (780,220)	(745,480)	
Deferred income taxes and other long-term liabilities..... (75,730)	(60,240)	
Shareholders' equity.....	\$ 699,450	\$ 508,270

FOR THE YEARS ENDED DECEMBER 31

	1995	1994	1993
Net sales..... \$1,412,620	\$2,729,260	\$1,989,670	
Operating profit..... 119,780	\$ 235,510	\$ 174,850	\$
Earnings attributable to common stock..... 52,030	\$ 92,700	\$ 74,870	\$

Equity and interest income from affiliates consists of the following:

THOUSANDS)	( IN		
	FOR THE YEARS ENDED DECEMBER		
31			
-----	1995	1994	1993
-----	-----	-----	
The Company's equity in affiliates' earnings available for common shareholders.....	\$26,230	\$25,970	
\$12,890			
Dividends on TriMas preferred stock.....	--	--	
5,250			
Interest income.....	5,190	3,840	
2,860			
-----	-----	-----	
Equity and interest income from affiliates.....	\$31,420	\$29,810	
\$21,000			
=====	=====	=====	

**PROPERTY AND EQUIPMENT, NET:**

THOUSANDS )	( IN	
	AT DECEMBER 31	
-----	1995	1994
-----	-----	
Cost:		
Land and land improvements.....	\$ 16,030	\$
15,180		
Buildings.....	121,470	
103,630		
Machinery and equipment.....	609,730	
507,190		
-----	-----	
	747,230	
626,000		
Less accumulated depreciation.....	280,780	
246,670		
-----	-----	
	\$466,450	
\$379,330		
=====	=====	

Depreciation expense totalled \$38 million, \$44 million and \$48 million in 1995, 1994 and 1993, respectively. Depreciation expense in 1993 includes approximately \$8 million related to the discontinued energy segment.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCRUED LIABILITIES:

THOUSANDS )	( IN	
	AT DECEMBER 31	
-----	1995	1994
	-----	-----
-----		
Salaries, wages and commissions.....	\$19,690	
\$18,050		
Income taxes.....	3,260	
2,740		
Interest.....	3,940	
9,020		
Insurance.....	30,880	
16,940		
Property, payroll and other taxes.....	6,830	
6,730		
Other.....	17,800	
18,610		
	-----	
	\$82,400	
	=====	
\$72,090		
=====		

LONG-TERM DEBT:

THOUSANDS )	( IN	
	AT DECEMBER 31	
-----	1995	1994
-----	-----	
Bank revolving credit agreement, due 1998.....	\$350,000	
\$280,000		
10% Senior Subordinated Notes, due 1995.....	--	
233,150		
4 1/2% Convertible Subordinated Debentures, due 2003....	310,000	
310,000		
Other.....	47,060	
48,760		
	-----	
	707,060	
871,910		
Less current portion of long-term debt.....	5,150	
3,670		
	-----	
Long-term debt.....	\$701,910	
\$868,240		
	=====	
=====		

The Company has a \$675 million revolving credit agreement with a group of banks, due July, 1998. The interest rates applicable to the revolving credit agreement are principally at alternative floating rates provided for in the agreement (approximately six percent at December 31, 1995).

The revolving credit agreement requires the maintenance of a specified level of shareholders' equity, with limitations on the ratio of senior debt to earnings, long-term debt, intangible assets and the acquisition of Company Capital Stock. Under the most restrictive of these provisions, approximately \$16 million was available at December 31, 1995 for the payment of cash dividends and the acquisition of Company Capital Stock. In January, 1996, the Company received approximately \$120 million in cash proceeds from the sale of non-core businesses. These proceeds were principally utilized to reduce the Company's indebtedness related to its revolving credit agreement.

On March 15, 1995, the Company redeemed at maturity \$233 million of its 10% Senior Subordinated Notes utilizing its bank revolving credit agreement. In January, 1994, the Company issued, in a public offering, \$345 million of 4 1/2% Convertible Subordinated Debentures due December 15, 2003. These debentures are convertible into Company Common Stock at \$31 per share. The net proceeds of approximately \$337 million were used to redeem \$250 million of 10 1/4% Senior Subordinated Notes on February 1, 1994 and to reduce other indebtedness. During 1994, the Company recognized extraordinary income of \$4.4 million pre-tax (\$2.6 million after-tax) related to the early extinguishment of a portion of the 4 1/2% Convertible Subordinated Debentures.

The maturities of debt during the next five years are as follows (in millions): 1996 -- \$5; 1997 -- \$3; 1998 -- \$377; 1999 -- \$3; and 2000 -- \$2.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHAREHOLDERS' EQUITY:

	(IN THOUSANDS)					
	PREFERRED STOCK	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	CUMULATIVE TRANSLATION ADJUSTMENTS	SHAREHOLDERS' EQUITY
Balance, January 1, 1993.....	\$ 780	\$ 59,520	\$ 84,390	\$ 202,660	\$ 6,050	\$ 353,400
Net income.....	--	--	--	47,600	--	47,600
Preferred stock dividends...	--	--	--	(14,930)	--	(14,930)
Common stock dividends.....	--	--	--	(3,210)	--	(3,210)
Retirement of 12% Preferred.....	(780)	--	(76,720)	--	--	(77,500)
Issuance of 10% Preferred...	1,000	--	99,000	--	--	100,000
Issuance of warrants.....	--	--	70,800	--	--	70,800
Issuance of DECS.....	10,800	--	198,720	--	--	209,520
Retirement of common stock.....	--	(10,000)	(90,000)	--	--	(100,000)
Retirement of 10% Preferred.....	(1,000)	--	(99,000)	--	--	(100,000)
Conversion of convertible debentures.....	--	10,370	174,120	--	--	184,490
Translation adjustments, net.....	--	--	--	--	(9,140)	(9,140)
Exercise of stock options...	--	620	5,980	--	--	6,600
Balance, December 31, 1993.....	10,800	60,510	367,290	232,120	(3,090)	667,630
Net loss.....	--	--	--	(220,120)	--	(220,120)
Preferred stock dividends...	--	--	--	(12,960)	--	(12,960)
Common stock dividends.....	--	--	--	(6,630)	--	(6,630)
Retirement of common stock.....	--	(4,070)	(50,060)	--	--	(54,130)
Translation adjustments, net.....	--	--	--	--	5,450	5,450
Exercise of stock options...	--	170	1,730	--	--	1,900
Balance, December 31, 1994.....	10,800	56,610	318,960	(7,590)	2,360	381,140
Net income.....	--	--	--	59,190	--	59,190
Preferred stock dividends...	--	--	--	(12,960)	--	(12,960)
Common stock dividends.....	--	--	--	(6,260)	--	(6,260)
Retirement of common stock.....	--	(1,210)	(11,920)	--	--	(13,130)
Translation adjustments, net.....	--	--	--	--	6,210	6,210
Exercise of stock options...	--	120	870	--	--	990
Balance, December 31, 1995.....	\$10,800	\$ 55,520	\$307,910	\$ 32,380	\$ 8,570	\$ 415,180

On March 31, 1993, the Company acquired from Masco Corporation 10 million shares of Company Common Stock, recorded at \$100 million, \$77.5 million of the Company's previously outstanding 12% Exchangeable Preferred Stock, and Masco Corporation's holdings of Emco Limited common stock and convertible debentures, recorded at \$80.8 million. In exchange, Masco Corporation received \$100 million (liquidation value) of the Company's 10% Exchangeable Preferred Stock, seven-year warrants to purchase 10 million shares of Company Common Stock at \$13 per share, recorded at \$70.8 million, and \$87.5 million in cash. The transferable warrants are not exercisable by Masco Corporation if an exercise would increase Masco Corporation's common equity ownership interest in the Company above 35 percent. The cash portion of this transaction is included in the accompanying statement of cash flows as cash used for investing activities of \$87.5 million. As part of this transaction, as modified in late 1993, Masco Corporation agreed to purchase from the Company, at the Company's option through March, 1997, up to \$200 million of subordinated debentures. In late 1993, the Company redeemed the 10% Exchangeable Preferred Stock for its \$100 million liquidation value.



## MASCOTECH, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In July, 1993, the Company issued 10.8 million shares of 6% Dividend Enhanced Convertible Stock (DECS, classified as Convertible Preferred Stock) at \$20 per share (\$216 million aggregate liquidation amount) in a public offering. The net proceeds from this issuance were used to reduce the Company's indebtedness. On July 1, 1997, each of the then outstanding shares of the DECS will convert into one share of Company Common Stock, if not previously redeemed by the Company or converted at the option of the holder, in both cases for Company Common Stock.

Each share of the DECS is convertible at the option of the holder anytime prior to July 1, 1997 into .806 of a share of Company Common Stock, equivalent to a conversion price of \$24.81 per share of Company Common Stock. Dividends are cumulative and each share of the DECS has 4/5 of a vote, voting together as one class with holders of Company Common Stock.

Beginning July 1, 1996, the Company, at its option, may redeem the DECS at a call price payable in shares of Company Common Stock principally determined by a formula based on the then current market price of Company Common Stock. Redemption by the Company, as a practical matter, will generally not result in a call price that exceeds one share of Company Common Stock or is less than .806 of a share of Company Common Stock (resulting from the holder's conversion option).

The Company's 6% Convertible Subordinated Debentures were called for redemption in late 1993. Substantially all holders, including Masco Corporation, exercised their right to convert these debentures into Company Common Stock (at a conversion price of \$18 per share), resulting in the issuance of approximately 10.4 million shares of Company Common Stock. Included in 1993 interest expense was approximately \$7 million related to the Company's 6% Convertible Subordinated Debentures held by Masco Corporation.

During 1995 and 1994, the Company repurchased and retired approximately one million and four million shares, respectively, of its common stock in open-market purchases, pursuant to a Board of Directors' authorized repurchase program. At December 31, 1995, the Company may repurchase approximately five million additional shares of Company Common Stock and Convertible Preferred Stock pursuant to this repurchase authorization.

The Company commenced paying cash dividends on its common stock in August, 1993. On the basis of amounts paid (declared), cash dividends per common share were \$.14 (\$.11) in 1995, \$.10 (\$.11) in 1994 and \$.04 (\$.06) in 1993.

#### **STOCK OPTIONS AND AWARDS:**

For the three years ended December 31, 1995, stock option data pertaining to stock option plans for key employees of the Company and affiliated companies are as follows:

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)		
	1995	1994	
1993			
-----	-----	-----	
Options outstanding, January 1.... 4,540	3,620	3,810	
Options granted..... 30	--	20	
Option price per share..... \$13-26	--	\$17-25 1/8	
Options cancelled.....	60	40	--
Option price per share.....	\$4 1/2	\$ 4 1/2	--
Options exercised..... 760	120	170	
Option price per share..... 1/8	\$4 1/2-9 1/8	\$4 1/2-9 1/8	\$4 1/2-9
-----	-----	-----	
Options outstanding, December 31.. 3,810	3,440	3,620	
=====	=====	=====	
Options exercisable, December 31.. 680	1,640	1,080	
=====	=====	=====	

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

At December 31, 1995, options have been granted and are outstanding with exercise prices ranging from \$4 1/2 to \$26 per share, the fair market value at the dates of grant.

Pursuant to restricted stock incentive plans, the Company granted long-term incentive awards, net, for 461,000, 213,000 and 202,000 shares of Company Common Stock during 1995, 1994 and 1993, respectively, to key employees of the Company and affiliated companies. The unamortized costs of incentive awards, aggregating approximately \$17 million at December 31, 1995, are being amortized over the ten-year vesting periods.

At December 31, 1995 and 1994, a combined total of 5,646,000 and 5,773,000 shares, respectively, of Company Common Stock were available for the granting of options and incentive awards under the above plans.

**EMPLOYEE BENEFIT PLANS:**

Pension and Profit-Sharing Benefits. The Company sponsors defined-benefit pension plans for most of its employees. In addition, substantially all salaried employees participate in noncontributory profit-sharing plans, to which payments are approved annually by the Directors. Aggregate charges to income under these plans were \$13.0 million in 1995, \$9.8 million in 1994 and \$10.9 million in 1993, including approximately \$.9 million in 1993 related to the discontinued energy segment.

Net periodic pension cost for the Company's defined-benefit pension plans includes the following components for the three years ended December 31, 1995:

	( IN THOUSANDS )		
	1995	1994	1993
	-----	-----	-----
Service cost -- benefits earned during the year....	\$ 4,680	\$ 4,800	\$ 4,110
Interest cost on projected benefit obligations.....	6,330	5,800	5,540
Actual (return) loss on assets.....	(6,540)	1,850	
(7,730)			
Net amortization and deferral.....	1,600	(8,240)	1,600
	-----	-----	-----
Net periodic pension cost.....	\$ 6,070	\$ 4,210	\$ 3,520
	=====	=====	=====

Major assumptions used in accounting for the Company's defined-benefit pension plans are as follows:

	1995	1994	1993
	-----	-----	
-----			
Discount rate for obligations.....	7.25%	8.50%	
7.00%			
Rate of increase in compensation levels.....	5.00%	5.00%	
5.00%			
Expected long-term rate of return on plan assets....	11.00%	13.00%	
13.00%			

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The funded status of the Company's defined-benefit pension plans at December 31, 1995 and 1994 is as follows:

	(IN THOUSANDS)	
	1995	1994
RECONCILIATION OF FUNDED STATUS	ACCUMULATED BENEFITS EXCEED ASSETS	ACCUMULATED BENEFITS EXCEED ASSETS
Actuarial present value of benefit obligations:		
Vested benefit obligation.....	\$ 70,960	\$ 60,300
	=====	=====
Accumulated benefit obligation.....	\$ 76,370	\$ 64,570
	=====	=====
Projected benefit obligation.....	\$ 89,410	\$ 75,000
Assets at fair value.....	54,480	53,280
	-----	-----
Projected benefit obligation in excess of plan assets.....	(34,930)	(21,720)
Reconciling items:		
Unrecognized net loss.....	22,350	10,890
Unrecognized prior service cost.....	7,540	7,950
Unrecognized net asset at transition.....	(1,060)	(1,330)
Adjustment required to recognize minimum liability.....	(15,810)	(10,010)
	-----	-----
Accrued pension cost.....	\$ (21,910)	\$ (14,220)
	=====	=====

Postretirement Benefits. The Company provides postretirement medical and life insurance benefits for certain of its active and retired employees.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions", for its postretirement benefit plans. This statement requires the accrual method of accounting for postretirement health care and life insurance based on actuarially determined costs to be recognized over the period from the date of hire to the full eligibility date of employees who are expected to qualify for such benefits. In conjunction with the adoption of SFAS 106, the Company elected to recognize the transition obligation on a prospective basis and accordingly, the net transition obligation is being amortized over 20 years. Net periodic postretirement benefit cost includes the following components for the years ended December 31, 1995, 1994 and 1993:

THOUSANDS)	(IN		
	1995	1994	1993
	-----	-----	
-----			
Service cost.....	\$ 300	\$ 400	\$
300			
Interest cost.....	1,900	1,800	
1,900			
Net amortization.....	1,100	1,300	
1,200			
	-----	-----	
-----			
Net periodic postretirement benefit cost.....	\$3,300	\$3,500	
\$3,400			
	=====	=====	
=====			



**MASCOTECH, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Postretirement benefit obligations, none of which are funded, are summarized as follows at December 31, 1995 and 1994:

	(IN THOUSANDS)	
	1995	1994
	-----	-----
Accumulated postretirement benefit obligations:		
Retirees.....	\$ 18,400	\$ 16,400
Fully eligible active plan participants.....	900	1,000
Other active participants.....	5,600	5,500
	-----	-----
Total accumulated postretirement benefit obligation.....	24,900	22,900
Unrecognized net gain.....	400	1,800
Unamortized transition obligation.....	(16,000)	
(17,100)		
	-----	-----
Accrued postretirement benefits.....	\$ 9,300	\$ 7,600
	=====	=====

The discount rates used in determining the accumulated postretirement benefit obligation were 7.25 percent and 8.5 percent in 1995 and 1994, respectively. The assumed health care cost trend rate in 1995 was 12 percent, decreasing to an ultimate rate in the year 2000 of seven percent. If the assumed medical cost trend rates were increased by one percent, the accumulated postretirement benefit obligation would increase by \$2.1 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost would increase by \$.2 million. Included in the Company's 1994 charge for the disposition of certain businesses are curtailment costs for postretirement benefit obligations relating to these businesses of approximately \$3.7 million.

**SEGMENT INFORMATION:**

The Company's business segments involve the sale of the following products and services:

**Transportation-Related Products and Services:**

Precision products, generally produced using advanced metalworking technologies with significant proprietary content, and aftermarket products for the transportation industry.

Engineering and technical business services.

**Specialty Products:**

Architectural -- Doors, windows, security grilles and office panels and partitions for commercial and residential markets.

Other -- Products manufactured principally for the defense industry.

Sales of the Company's foreign operations (principally in Western Europe) approximate \$166 million, \$116 million and \$97 million for 1995, 1994 and 1993, respectively. The Company's export sales approximate \$85 million, \$102 million and \$81 million in 1995, 1994 and 1993, respectively.

Amounts related to the Company's energy segment have been presented as discontinued operations.

Corporate assets consist primarily of cash and cash investments, marketable securities, equity and other investments in affiliates, notes receivable and net assets of the discontinued energy segment.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	NET SALES			OPERATING PROFIT (LOSS) (B)			(IN THOUSANDS) ASSETS EMPLOYED AT DECEMBER 31 (C)		
	1995	1994	1993	1995	1994	1993	1995	1994	1993
	-----	-----	-----	-----	-----	-----	-----	-----	-----
The Company's operations by industry segment are:									
Transportation-Related Products and Services (A)....	\$1,340,000	\$1,332,000	\$1,195,000	\$144,000	\$ (55,000)	\$160,000	\$ 870,000	\$ 796,000	\$ 883,000
Specialty Products:									
Architectural...	242,000	277,000	289,000	(2,000)	(118,000)	(4,000)	115,000	149,000	313,000
Other.....	96,000	93,000	99,000	(1,000)	(78,000)	5,000	35,000	32,000	104,000
Total.....	\$1,678,000	\$1,702,000	\$1,583,000	141,000	(251,000)	161,000	1,020,000	977,000	1,300,000
Other income (expense), net.....				(9,000)	13,000	(25,000)			
General corporate expense.....				(32,000)	(26,000)	(15,000)			
Income (loss) from continuing operations before income taxes (credit) and extraordinary item.....				\$100,000	\$ (264,000)	\$121,000			
Corporate assets.....							419,000	554,000	490,000
Total assets....							\$1,439,000	\$1,531,000	\$1,790,000

	PROPERTY ADDITIONS (D)			DEPRECIATION AND AMORTIZATION (E)		
	1995	1994	1993	1995	1994	1993
	-----	-----	-----	-----	-----	-----
The Company's operations by industry segment are:						
Transportation-Related Products and Services.....	\$ 96,000	\$101,000	\$52,000	\$45,000	\$48,000	\$42,000
Specialty Products:						
Architectural.....	8,000	5,000	5,000	5,000	12,000	12,000
Other.....	6,000	9,000	3,000	2,000	7,000	6,000
Total.....	\$110,000	\$115,000	\$60,000	\$52,000	\$67,000	\$60,000

(A) Included within this segment are sales to one customer of \$397 million, \$361 million and \$324 million in 1995, 1994 and 1993, respectively; sales to another customer of \$182 million, \$225 million and \$186 million in 1995, 1994 and 1993, respectively; and sales to a third customer of \$178 million, \$212 million and \$222 million in 1995, 1994 and 1993, respectively.

(B) Operating profit in 1995 includes a \$25 million net gains resulting from sales of non-core businesses in the third quarter. These net gains were substantially offset by reductions in the estimated proceeds the Company expects to receive from businesses to be sold, aggregating \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million. The net gains (charge) impact the Company's industry segments as follows:

Transportation-Related Products and Services -- \$21 million and Other Specialty Products -- \$(2) million. The remaining \$(14) million of the net gains (charge) was allocated to General Corporate Expense. Operating loss in 1994 includes the impact of a pre-tax charge in the amount of \$400 million for the disposition of businesses. The charge impacts the Company's industry segments as follows: Transportation-Related Products and Services -- \$196 million; Architectural Products -- \$116 million; and Other Specialty Products -- \$75 million. The remaining \$13 million of the charge was allocated to General Corporate Expense.

(C) Assets employed at December 31, 1995 and December 31, 1994 include net assets related to the disposition of certain operations (see "Dispositions of Operations" note).

(D) Property additions in 1995 include approximately \$14 million of capital expenditures for the Company's businesses held for disposition.

(E) Depreciation and amortization expense in 1995 include approximately \$5 million of expense for the Company's businesses held for disposition.



MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER INCOME (EXPENSE), NET:

	(IN THOUSANDS)		
	1995	1994	1993
	-----	-----	-----
Other, net:			
Net realized and unrealized gains and losses from marketable securities.....	\$ 730	\$ 4,360	\$11,550
Gains from sales of TriMas common stock.....	--	17,900	--
Interest income.....	2,390	5,490	9,570
Dividend income.....	950	2,880	3,150
Other, net.....	780	2,750	2,060
	-----	-----	-----
	\$4,850	\$33,380	\$26,330
	=====	=====	=====

Gains and losses realized from sales of marketable securities and gains from sales of common stock of equity affiliates are determined on a specific identification basis at the time of sale.

INCOME TAXES:

	(IN THOUSANDS)		
	1995	1994	1993
	-----	-----	-----
Income (loss) from continuing operations before income taxes (credit) and extraordinary item:			
Domestic.....	\$ 78,870	\$(280,900)	
\$105,470			
Foreign.....	21,410	16,410	
15,710			
	-----	-----	
	\$100,280	\$(264,490)	
\$121,180			
	=====	=====	
Provision for income taxes (credit):			
Federal, current.....	\$(24,210)	\$ 36,660	\$
17,940			
State and local.....	6,110	8,880	
8,350			
Foreign, current.....	7,860	(7,850)	
8,410			
Deferred, principally federal.....	51,330	(67,760)	
15,590			
	-----	-----	
Income taxes (credit) on income (loss) from continuing operations before extraordinary item.....	\$ 41,090	\$ (30,070)	\$
50,290			
	=====	=====	
	=====	=====	



MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The components of deferred taxes at December 31, 1995 and 1994 are as follows:

	( IN THOUSANDS )	
	1995	1994
-----		
Deferred tax assets:		
Inventories.....	\$ 3,550	\$
3,400		
Expected capital loss benefit related to net assets of businesses held for disposition.....	15,600	
53,000		
Expected ordinary loss benefit related to net assets of businesses held for disposition and other, principally accrued liabilities.....	37,250	
19,260		
-----		
	56,400	
75,660		
-----		
Deferred tax liabilities:		
Property and equipment.....	71,610	
57,390		
Other, principally equity investments in affiliates.....	45,280	
27,430		
-----		
	116,890	
84,820		
-----		
Net deferred tax liability.....	\$ 60,490	\$
9,160		
=====		

Net current and non-current assets of businesses held for disposition at December 31, 1995 and 1994 include approximately \$41 million and \$60 million, respectively, of the above deferred tax assets.

The following is a reconciliation of tax computed at the U.S. federal statutory rate to the provision for income taxes (credit) allocated to income (loss) from continuing operations before income taxes (credit) and extraordinary item:

	(IN THOUSANDS)		
	1995	1994	1993
U.S. federal statutory rate.....	35%	35%	35%
Tax (credit) at U.S. federal statutory rate.....	\$35,100	\$(92,570)	\$42,410
State and local taxes, net of federal tax benefit.....	3,970	5,770	5,430
Higher effective foreign tax rate.....	2,710	3,380	2,910
Tax benefit on distributed foreign earnings, net.....	--	(4,200)	--
Dividends-received deduction..... (2,290)	(230)	(690)	
Non-deductible portion of charge for disposition of businesses.....	--	54,600	--
Amortization in excess of tax, net.....	1,630	2,190	3,820
Other, net..... (1,990)	(2,090)	1,450	
Income taxes (credit) from continuing operations before extraordinary item.....	\$41,090	\$(30,070)	\$50,290

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

**FAIR VALUE OF FINANCIAL INSTRUMENTS:**

In accordance with Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," the following methods were used to estimate the fair value of each class of financial instruments:

**MARKETABLE SECURITIES, NOTES RECEIVABLE AND OTHER ASSETS**

Fair values of financial instruments included in marketable securities, notes receivable and other assets were estimated using various methods including quoted market prices and discounted future cash flows based on the incremental borrowing rates for similar types of investments. In addition, for variable-rate notes receivable that fluctuate with the prime rate, the carrying amounts approximate fair value.

**LONG-TERM DEBT**

The carrying amount of bank debt and certain other long-term debt instruments approximate fair value as the floating rates inherent in this debt reflect changes in overall market interest rates. The fair values of the Company's subordinated debt instruments are based on quoted market prices. The fair values of certain other debt instruments are estimated by discounting future cash flows based on the Company's incremental borrowing rate for similar types of debt instruments.

The carrying amounts and fair values of the Company's financial instruments at December 31, 1995 and 1994 are as follows:

	1995		( IN THOUSANDS ) 1994	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash investments.....	\$ 16,380	\$ 16,380	\$ 61,950	\$ 61,950
Marketable securities, notes receivable and other assets.....	\$ 38,710	\$ 38,990	\$101,900	\$ 99,600
Long-term debt:				
Bank debt.....	\$375,000	\$375,000	\$316,000	\$316,000
10% Senior Subordinated Notes.....	--	--	\$233,150	\$233,910
4 1/2% Convertible Subordinated Debentures.....	\$310,000	\$244,900	\$310,000	\$234,050
Other long-term debt.....	\$ 16,910	\$ 15,330	\$ 9,090	\$ 8,990

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INTERIM AND OTHER SUPPLEMENTAL FINANCIAL DATA (UNAUDITED):

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS) FOR THE QUARTERS ENDED			
	DECEMBER 31ST	SEPTEMBER 30TH	JUNE 30TH	MARCH 31ST
1995:				
-----				
Net sales.....	\$ 389,010	\$404,900	\$439,290	\$445,010
Gross profit.....	\$ 67,570	\$ 67,050	\$ 69,250	\$ 76,460
Net income:				
Income.....	\$ 14,670	\$ 15,960	\$ 15,100	\$ 13,460
Income attributable to common stock.....	\$ 11,430	\$ 12,720	\$ 11,860	\$ 10,220
Per common share.....	\$.20	\$.22	\$.21	\$.18
Market price per common share:				
High.....	\$12 1/2	\$13 3/4	\$12 7/8	\$13 1/2
Low.....	\$10	\$11 1/4	\$10 1/2	\$11 3/8
1994:				
-----				
Net sales.....	\$ 440,570	\$416,500	\$432,780	\$412,410
Gross profit.....	\$ 73,390	\$ 73,440	\$ 89,710	\$ 80,290
Income (loss) from continuing operations before extraordinary item:				
Income (loss).....	\$(305,940)	\$ 15,780	\$ 29,440	\$ 26,300
Per common and common equivalent share:				
Primary.....	\$(5.46)	\$.21	\$.39	\$.34
Assuming full dilution.....	\$(5.46)	\$.21	\$.37	\$.32
Net income (loss):				
Income (loss).....	\$(294,240)	\$ 18,380	\$ 29,440	\$ 26,300
Income (loss) attributable to common stock.....	\$(297,480)	\$ 15,140	\$ 26,200	\$ 23,060
Per common and common equivalent share:				
Primary.....	\$(5.25)	\$.25	\$.39	\$.34
Assuming full dilution.....	\$(5.25)	\$.25	\$.37	\$.32
Market price per common share:				
High.....	\$13 3/8	\$15 1/4	\$23 1/4	\$27 7/8
Low.....	\$11	\$11	\$13	\$19 7/8

Results for the third quarter of 1995 include net gains aggregating approximately \$25 million from the sale of certain businesses held for disposition. These net gains were offset by reductions in the estimated net proceeds the Company expects to receive from businesses to be sold, aggregating \$12 million and by certain exit costs incurred in 1995 aggregating approximately \$8 million.

Results for the second quarter of 1995 include pre-tax income of approximately \$5 million as a result of gains associated with the sale of common stock through a public offering by an equity affiliate.

Certain amounts for the quarters ended June 30, 1995 and March 31, 1995 have been reclassified to conform to the presentation adopted at December 31, 1995.

Results for the fourth quarter of 1994 include a non-cash pre-tax charge of \$400 million (\$315 million after-tax or \$5.56 per common share in the fourth quarter of 1994) reflecting the anticipated loss on the disposition of certain businesses (see "Dispositions of Operations" note).

Results for the fourth quarter of 1994 also include income aggregating approximately \$18 million pre-tax (\$11.7 million after-tax or \$.21 per common share) relating to the partial reversal of the charge

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

established in the fourth quarter of 1993 for the disposition of the Company's energy segment (see "Dispositions of Operations" note).

Results for the third quarter of 1994 include \$4.4 million pre-tax of extraordinary income (\$2.6 million after-tax or \$.04 per common share) related to the early extinguishment of convertible debt.

Results for the first, second and third quarters of 1994 include pre-tax gains of approximately \$9.8 million, \$7.1 million and \$1.0 million, respectively, from the sale by the Company of a portion of its common stock holdings of an equity affiliate.

The 1994 income (loss) per common share amounts for the quarters do not total to the full year amounts due to the purchase and retirement of shares throughout the year and a lower dilutive effect from outstanding options and warrants on the year-to-date calculation.

The following supplemental unaudited financial data combine the Company with TriMas and have been presented for analytical purposes. The Company had a common equity ownership interest in TriMas of approximately 41 percent at December 31, 1995 and December 31, 1994. The interests of the other common shareholders are reflected below as "Equity of other shareholders of TriMas." All significant intercompany transactions have been eliminated.

	( IN THOUSANDS )	
	AT DECEMBER 31	
	1995	1994
Current assets.....	\$ 718,340	\$ 861,380
Current liabilities.....	(241,390)	
(243,260)		
Working capital.....	476,950	618,120
Property and equipment, net.....	640,150	547,710
Excess of cost over net assets of acquired		
companies.....	200,210	182,470
Other assets.....	355,880	432,850
Bank and other debt.....	(889,110)	
(1,106,840)		
Deferred income taxes and other long-term		
liabilities.....	(170,780)	
(123,170)		
Equity of other shareholders of TriMas.....	(198,120)	
(170,000)		
Equity of shareholders of MascoTech.....	\$ 415,180	\$ 381,140

FOR THE YEARS ENDED DECEMBER 31

	1995	1994	1993
-----	-----	-----	
Net sales.....	\$2,227,850	\$2,232,430	
\$2,022,240			
=====	=====	=====	
Operating profit (loss).....	\$ 207,490	\$ (186,450)	\$
215,740			
=====	=====	=====	
Income (loss) from continuing operations			
before extraordinary item.....	\$ 59,190	\$ (234,420)	\$
70,890			
=====	=====	=====	
=====			



**FINANCIAL STATEMENT SCHEDULE**  
**PURSUANT TO ITEM 14(a)(2)(II)(B) OF FORM 10-K**  
**ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

Schedules, as required for the years ended December 31, 1995, 1994 and 1993:

	PAGE
II. Valuation and Qualifying Accounts.....	F-27

MASCOTECH, INC.

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED (CREDITED) TO OTHER ACCOUNTS		
			(A)	(B)	
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1995.....	\$1,590,000	\$ 400,000	\$ 410,000	\$ 520,000	\$ 1,880,000
	=====	=====	=====	=====	=====
1994.....	\$5,130,000	\$3,480,000	\$(4,310,000)	\$2,710,000	\$ 1,590,000
	=====	=====	=====	=====	=====
1993.....	\$7,190,000	\$2,470,000	\$(1,820,000)	\$2,710,000	\$ 5,130,000
	=====	=====	=====	=====	=====

NOTES:

(A) Allowance of companies acquired, and other adjustments, net in 1995.  
 Allowance of companies reclassified for businesses held for disposition in 1995 and 1994, and for discontinuance of Energy-related segment in 1993.

(B) Deductions, representing uncollectible accounts written off, less recoveries of accounts written off in prior years.

## EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
3.i	Restated Certificate of Incorporation of Masco Corporation and amendments thereto.	
3.ii	Bylaws of Masco Corporation, as amended.(4)	
4.a.i	Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee(8), and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due April 15, 1996(6), (ii) 9% Notes Due October 1, 2001(8), (iii) 6 1/4% Notes Due June 15, 1995(6), (iv) 6 5/8% Notes Due September 15, 1999(6), 6 1/8% Notes Due September 15, 2003(5), and (vi) 7 1/8% Debentures Due August 15, 2013(5).	
4.a.ii	Agreement of Appointment and Acceptance of Successor Trustee dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First National Bank of Chicago.(3)	
4.a.iii	Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(3)	
4.b	Indenture dated as of December 1, 1982 between Masco Corporation and Citibank, N.A., as Trustee, and Directors' resolutions establishing Masco Corporation's 5 1/4% Convertible Subordinated Debentures Due 2012, including form of Debenture.(8)	
4.c	\$750,000,000 Amended and Restated Credit Agreement dated as of May 18, 1994 among Masco Corporation, the banks signatory thereto and Morgan Guaranty Trust Company of New York, as agent(3), Amendment No. 1 thereto dated as of June 1, 1995(1), Amendment No. 2 thereto dated as of November 30, 1995 and Amendment No. 3 thereto dated as of January 31, 1996.	
4.d	Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(4), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(2)	
4.e	Credit Agreement dated as of September 2, 1993 by and among MascoTech, Inc., the banks party thereto, and NBD Bank, N.A. (now known as NBD Bank), as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., as Co-Agents(4), First Amendment thereto dated June 29, 1994(2), Second Amendment thereto dated December 21, 1994 and Third Amendment thereto dated as of September 28, 1995.	
4.f	Rights Agreement dated as of December 6, 1995 between Masco Corporation and The Bank of New York, as Rights Agent.	
NOTE:	Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.	
10.a	Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
10.b	Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(6)	
10.c	Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).	
10.d	Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related forfeiture letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990(8) and Agreement dated as of November 23, 1993 including an amendment to Stock Repurchase Agreement.(4)	
NOTE:	Exhibits 10.e through 10.p constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.	
10.e	Masco Corporation 1991 Long-Term Stock Incentive Plan (Restated December 6, 1995).	
10.f	Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).	
10.g	Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).	
10.h	Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).	
10.i	Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).	
10.j	Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).	
10.k	MascoTech, Inc. 1991 Long-Term Stock Incentive Plan (Restated December 6, 1995).	
10.l	MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).	
10.m	MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).	
10.n	Masco Corporation Supplemental Executive Retirement and Disability Plan.(2)	
10.o	Masco Corporation Benefits Restoration Plan.(2)	
10.p	Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.(4)	
10.q	Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note.(4)	
10.r	Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(4)	
10.s	Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation).(8)	
11	Computation of Primary and Fully Diluted Per Share Earnings.	
12	Computation of Ratio of Earnings to Fixed Charges.	
21	List of Subsidiaries.	
23.a	Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation's Financial Statements and Financial Statement Schedule.	
23.b	Consent of Coopers & Lybrand L.L.P. relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedule.	
27	Financial Data Schedule.	

(1) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.

(2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.

(3) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.

(4) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.

(5) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

(6) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.

(7) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1991.

(8) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1991.

**RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**MASCO CORPORATION**

\* \* \* \* \*

MASCO CORPORATION, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is MASCO CORPORATION. The date of filing its original Certificate of Incorporation with the Secretary of State was June 15, 1962.
2. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this corporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.
3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated without further amendments or changes to read as herein set forth in full:

FIRST: The name of the corporation is  
**MASCO CORPORATION.**

SECOND: Its registered office in the State of Delaware is located at the Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on are: To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of stock the Corporation shall have authority to issue is four hundred one million (401,000,000) shares.

Four hundred million (400,000,000) of such shares shall consist of common shares, par value one dollar (\$1.00) per share, and one million (1,000,000) of such shares shall consist of preferred shares, par value one dollar (\$1.00) per share.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof are as follows:

A. Each share of common stock shall be equal in all respects to all other shares of such stock, and each share of outstanding common stock is entitled to one vote.

B. Each share of preferred stock shall have or not have voting rights as determined by the Board of Directors prior to issuance.

Dividends on all outstanding shares of preferred stock must be declared and paid, or set aside for payment, before any dividends can be declared and paid, or set aside for payment, on the shares of common stock with respect to the same dividend period.

In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of the preferred stock shall be entitled, before any assets of the Corporation shall be distributed among or paid over to the holders of the common stock, to an amount per share to be determined before issuance by the Board of Directors, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of such liquidation, dissolution or winding up of the Corporation. After the making of such payments to the holders of the preferred stock, the remaining assets of the Corporation shall be distributed among the holders of the common stock alone, according to the number of shares held by each. If, upon such liquidation, dissolution or winding up, the assets of the Corporation distributable as aforesaid among the holders of the preferred stock shall be insufficient to permit the payment to them of said amount, the entire assets shall be distributed ratably among the holders of the preferred stock.

The Board of Directors shall have authority to divide the shares of preferred stock into series and fix, from time to time, before issuance, the number of shares to be included in any series and the designation, relative rights, preferences and limitations of all shares of such series. The authority

of the Board of Directors with respect to each series shall include the determination of any or all of the following, and the shares of each series may vary from the shares of any other in the following respects:

(a) the number of shares constituting such series and the designation thereof to distinguish the shares of such series from the shares of all other series; (b) the rate of dividend, cumulative or noncumulative, and the extent of further participation in dividend distribution, if any; (c) the prices at which issued (at not less than par) and the terms and conditions upon which the shares may be redeemable by the Corporation; (d) sinking fund provisions for the redemption or purchase of shares; (e) the voting rights; and (f) the terms and conditions upon which the shares are convertible into other classes of stock of the Corporation, if such shares are to be convertible.

C. No holder of any class of stock issued by this Corporation shall be entitled to pre-emptive rights.

FIFTH: The Corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SEVENTH: (a) The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than five nor more than twelve directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1988 Annual Meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding Annual Meeting of stockholders beginning in 1989, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office. Except as otherwise required by law, any vacancy on the Board of Directors that results from an increase in the number of directors



shall be filled only by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors shall be filled only by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall serve for the remaining term of his predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock or any other class of stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Designation with respect to such stock, such directors so elected shall not be divided into classes pursuant to this Article SEVENTH, and the number of such directors shall not be counted in determining the maximum number of directors permitted under the foregoing provisions of this Article SEVENTH, in each case unless expressly provided by such terms.

(b) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote in the election of directors. Any stockholder entitled to vote in the election of directors, however, may nominate one or more persons for election as director only if written notice of such stockholder's intent to make such nomination or nominations has been given either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an Annual Meeting of stockholders, 45 days in advance of the date on which the Corporation's proxy statement was released to stockholders in connection with the previous year's Annual Meeting of stockholders and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the day on which notice of such meeting is first given to stockholders. Each such notice shall include: (A) the name and address of the stockholder who intends to make the nomination or nominations and of the person or persons to be nominated; (B) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (C) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations is or are to be made by the stockholder; (D) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission if the nominee had been nominated by the Board of

Directors; and (E) the written consent of each nominee to serve as a director of the Corporation if elected. The chairman of any meeting of stockholders may refuse to acknowledge the nomination of any person if not made in compliance with the foregoing procedure.

(c) Notwithstanding any other provision of this Certificate of Incorporation or the by-laws (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the by-laws), and in addition to any affirmative vote required by law, the affirmative vote of the holders of at least 80% of the voting power of the outstanding capital stock of the Corporation entitled to vote, voting together as a single class, shall be required to amend, adopt in this Certificate of Incorporation or in the by-laws any provision inconsistent with, or repeal this Article SEVENTH.

EIGHTH: Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by any such holders. Except as otherwise required by law, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, the President or a majority of the Board of Directors, subject to the rights of holders of any one or more classes or series of preferred stock or any other class of stock issued by the Corporation which shall have the right, voting separately by class or series, to elect directors. Notwithstanding any other provision of this Certificate of Incorporation or the by-laws (and notwithstanding that a lesser percentage may be specified by law, this Certificate of Incorporation or the by-laws), and in addition to any affirmative vote required by law, the affirmative vote of the holders of at least 80% of the voting power of the outstanding capital stock of the Corporation entitled to vote, voting together as a single class, shall be required to amend, adopt in this Certificate of Incorporation or in the by-laws any provision inconsistent with, or repeal this Article EIGHTH.

NINTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To make, alter or repeal the by-laws of the Corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

By resolution passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the Directors of the Corporation, which, to the extent provided in the resolution or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, to sell, lease or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its Board of Directors shall deem expedient and for the best interests of the Corporation.

TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in

the by-laws of the Corporation. Elections of Directors need not be by ballot unless the by-laws of the Corporation shall so provide.

TWELFTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH: 1. The affirmative vote of the holders of 95% of all shares of stock of the Corporation entitled to vote in elections of directors, considered for the purposes of this Article THIRTEENTH as one class, shall be required for the adoption or authorization of a business combination (as hereinafter defined) with any other entity (as hereinafter defined) if, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, such other entity is the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article THIRTEENTH as one class; provided that such 95% voting requirement shall not be applicable if:

(a) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination bears the same or a greater percentage relationship to the market price of the Corporation's common stock immediately prior to the announcement of such business combination as the highest per share price (including brokerage commissions and soliciting dealers' fees) which such other entity has theretofore paid for any of the shares of the Corporation's common stock already owned by it bears to the market price of the common stock of the Corporation immediately prior to the commencement of acquisition of the Corporation's common stock by such other entity;

(b) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination (i) is not less than the highest per share price (including brokerage commissions and soliciting dealers' fees) paid by such other entity in acquiring any of its holdings of the Corporation's common stock, and (ii) is not less than the earnings per share of common stock of the Corporation for the four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes on such business combination, multiplied by the then price/earnings multiple (if any) of such other entity as customarily computed and reported in the financial community;

(c) After such other entity has acquired a 30% interest and prior to the consummation of such business combination: (i) such other entity shall have taken steps to ensure that the Corporation's Board of Directors included at all times representation by

continuing director(s) (as hereinafter defined) proportionate to the stockholdings of the Corporation's public common stockholders not affiliated with such other entity (with a continuing director to occupy any resulting fractional board position); (ii) there shall have been no reduction in the rate of dividends payable on the Corporation's common stock except as necessary to insure that a quarterly dividend payment does not exceed 5% of the net income of the Corporation for the four full consecutive fiscal quarters immediately preceding the declaration date of such dividend, or except as may have been approved by a unanimous vote of the directors; (iii) such other entity shall not have acquired any newly issued shares of stock, directly or indirectly, from the Corporation (except upon conversion of convertible securities acquired by it prior to obtaining a 30% interest or as a result of a pro rata stock dividend or stock split); and (iv) such other entity shall not have acquired any additional shares of the Corporation's outstanding common stock or securities convertible into common stock except as a part of the transaction which results in such other entity acquiring its 30% interest;

(d) Such other entity shall not have (i) received the benefit, directly or indirectly (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial assistance or tax credits of or provided by the Corporation, or (ii) made any major change in the Corporation's business or equity capital structure without the unanimous approval of the directors, in either case prior to the consummation of such business combination; and

(e) A proxy statement responsive to the requirements of the United States securities laws shall be mailed to all common stockholders of the Corporation for the purpose of soliciting stockholder approval of such business combination and shall contain on its first page thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination which the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of such business combination, from the point of view of the remaining public stockholders of the Corporation (such investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by the Corporation upon receipt of such opinion).

The provisions of this Article THIRTEENTH shall also apply to a business combination with any other entity which at any time has been the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article THIRTEENTH as one class, notwithstanding the fact that such other entity has reduced its shareholdings below 30% if, as of the

record date for the determination of stockholders entitled to notice of and to vote on to the business combination, such other entity is an "affiliate" of the Corporation (as hereinafter defined).

2. As used in this Article THIRTEENTH, (a) the term "other entity" shall include any corporation, person or other entity and any other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 31, 1981, together with the successors and assigns of such persons in any transaction or series of transactions not involving a public offering of the Corporation's stock within the meaning of the Securities Act of 1933; (b) an other entity shall be deemed to be the beneficial owner of any shares of stock of the Corporation which the other entity (as defined above) has the right to acquire pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options, or otherwise; (c) the outstanding shares of any class of stock of the Corporation shall include shares deemed owned through application of clause (b) above but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise; (d) the term "business combination" shall include any merger or consolidation of the Corporation with or into any other entity, or the sale or lease of all or any substantial part of the assets of the Corporation to, or any sale or lease to the Corporation or any subsidiary thereof in exchange for securities of the Corporation of any assets (except assets having an aggregate fair market value of less than \$5,000,000) of any other entity; (e) the term "continuing director" shall mean a person who was a member of the Board of Directors of the Corporation elected by stockholders prior to the time that such other entity acquired in excess of 10% of the stock of the Corporation entitled to vote in the election of directors, or a person recommended to succeed a continuing director by a majority of continuing directors; and (f) for the purposes of subparagraphs 1(a) and (b) of this Article THIRTEENTH the term "other consideration to be received" shall mean, in addition to other consideration received, if any, capital stock of the Corporation retained by its existing public stockholders in the event of a business combination with such other entity in which the Corporation is the surviving corporation.

3. A majority of the continuing directors shall have the power and duty to determine for the purposes of this Article THIRTEENTH on the basis of information known to them whether (a) such other entity beneficially owns 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors; (b) an other entity is an "affiliate" or "associate" (as

defined above) of another; (c) an other entity has an agreement, arrangement or understanding with another; or (d) the assets being acquired by the Corporation, or any subsidiary thereof, have an aggregate fair market value of less than \$5,000,000.

4. No amendment to the Certificate of Incorporation of the Corporation shall amend or repeal any of the provisions of this Article THIRTEENTH, unless the amendment effecting such amendment or repeal shall receive the affirmative vote of the holders of 95% of all shares of stock of the corporation entitled to vote in elections of directors, considered for the purposes of this Article THIRTEENTH as one class; provided that this paragraph 4 shall not apply to, and such 95% vote shall not be required for, any amendment or repeal unanimously recommended to the stockholders by the Board of Directors of the Corporation if all of such directors are persons who would be eligible to serve as "continuing directors" within the meaning of paragraph 2 of this Article THIRTEENTH.

5. Nothing contained in this Article THIRTEENTH shall be construed to relieve any other entity from any fiduciary obligation imposed by law.

FOURTEENTH: A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further limitation or elimination of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on liability provided herein, shall be limited to the fullest extent permitted by the Delaware General Corporation Law, as amended. Any repeal or modification of this Article FOURTEENTH shall not increase the liability of any director of this Corporation for any act or occurrence taking place prior to such repeal or modification, or otherwise adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

FIFTEENTH: 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer, or employee, shall be indemnified

and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of such person's heirs, executors and administrators. The Corporation shall indemnify a director, officer or employee in connection with an action, suit or proceeding (other than an action, suit or proceeding to enforce indemnification rights provided for herein or elsewhere) initiated by such director, officer or employee only if such action, suit or proceeding was authorized by the Board of Directors. The right to indemnification conferred in this Paragraph 1 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any action, suit or proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person) in advance of the final disposition of an action, suit or proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified for such expenses under this Article FIFTEENTH or otherwise.

2. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide indemnification and the advancement of expenses, to any agent of the Corporation and to any person (other than directors, officers and employees of the Corporation, who shall be entitled to indemnification under Paragraph 1 above) who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, to such extent and to such effect as the Board of Directors shall determine to be appropriate and permitted by applicable law, as the same exists or may hereafter be amended.

3. The rights to indemnification and to the advancement of expenses conferred in this Article FIFTEENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation or by-laws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.



4. This Restated Certificate of Incorporation was duly adopted by the Board of Directors in accordance with Section 245 of the General Corporation Law of Delaware.

IN WITNESS WHEREOF, said MASCO CORPORATION has caused its corporate seal to be affixed and this Certificate to be signed by Richard A. Manoogian, its Chairman of the Board, and attested by Gerald Bright, its Secretary, this 25th day of May, 1988.

**MASCO CORPORATION**

*BY/s/ Richard A.  
Manoogian  
Richard A. Manoogian  
Chairman of the Board*

**ATTEST:**

*/s/ Gerald  
Bright  
Gerald Bright  
Secretary*

STATE OF MICHIGAN )  
                                  )  
COUNTY OF WAYNE )

I, \_\_\_\_\_, a notary public, do hereby  
certify

that on this 25th day of May, 1988, personally appeared before me Richard A. Manoogian, who, being by me first duly sworn, declared that he is the Chairman of the Board of Masco Corporation, that he signed the foregoing document as the act and deed of said corporation, and that the statements therein contained are true.

*/s/ Terry Lynn  
Przybylo  
Notary Public  
Wayne County, Michigan*

My commission expires:

**CERTIFICATE OF MERGER  
OF  
WASTE KING, INC.  
INTO  
MASCO CORPORATION**

Masco Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), certifies that:

FIRST: The name and state of incorporation of each of the constituent corporations is as follows:

Name Incorporation	State of
Masco Corporation ("Masco")	Delaware
Waste King, Inc. ("Waste King")	Delaware

SECOND: An Agreement of Merger between Masco and Waste King with respect to the merger of Waste King into Masco (the "Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 251 of the GCL.

THIRD: That the name of the surviving corporation of the Merger is Masco Corporation, a Delaware corporation.

FOURTH: That the Restated Certificate of Incorporation of Masco, which is the surviving corporation, shall continue in full force and effect as the Restated Certificate of Incorporation of the surviving corporation.

FIFTH: The executed Agreement is on file at the principal place of business of the surviving corporation, 21001 Van Born Road, Taylor, Michigan 48180.

SIXTH: A copy of the Agreement will be furnished by the surviving corporation, on request and without cost, to any stockholder of the constituent corporations.

SEVENTH: This Certificate of Merger shall be effective as of January 1, 1993.

**MASCO CORPORATION**

*By/s/ Richard G. Mosteller  
Richard G. Mosteller  
Senior Vice President -*

*Finance  
ATTEST:*

*By/s/ Gerald Bright  
Gerald Bright  
Secretary*

**CERTIFICATE OF DESIGNATION  
OF  
SERIES A PARTICIPATING CUMULATIVE  
PREFERRED STOCK**

**OF**

**MASCO CORPORATION**

Pursuant to Section 151 of the  
General Corporation Law of the  
State of Delaware

We, Richard G. Mosteller, Senior-Vice President - Finance, and Eugene A. Gargaro, Jr., Vice President and Secretary, of Masco Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware ("Delaware Law"), in accordance with the provisions thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors on December 6, 1995, adopted the following resolution creating a series of Preferred Stock in the amount and having the designation, voting powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof as follows:

Section 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), and the number of shares constituting such series shall be 175,106. Such number of shares of the Series A Preferred Stock may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares issuable upon exercise or conversion of outstanding rights, options or other securities issued by the Corporation.

Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable on February 15, May 15, August 15 and November 15 of each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of any share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 and (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends or other distributions and 1,000 times the aggregate per share amount of all non-cash dividends or other distributions (other than (i) a dividend payable

in shares of Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") or (ii) a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. If the Corporation shall at any time after December 6, 1995 (the "Rights Declaration Date") pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than as described in clauses (i) and (ii) of the first sentence of paragraph (A)); provided that if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date (or, with respect to the first Quarterly Dividend Payment Date, the period between the first issuance of any share or fraction of a share of Series A Preferred Stock and such first Quarterly Dividend Payment Date), a dividend of \$1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is on or before the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue and be cumulative from the date of issue of such shares, or unless the date of issue is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and on or before such Quarterly Dividend Payment Date, in which case dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall not be more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of stockholders of the Corporation. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as a single class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock and any other series of Preferred Stock then entitled as a class to elect directors, voting together as a single class, irrespective of series, shall have the right to elect two Directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of 10% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of holders of Common Stock shall not affect the exercise by holders of Preferred Stock of such voting right. At any meeting at which holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two Directors or, if such right is exercised at an annual meeting, to elect two Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph

(C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the certificate of incorporation or bylaws irrespective of any increase made pursuant to the provisions of paragraph

(C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the certificate of incorporation or bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) The Certificate of Incorporation of the Corporation shall not be amended in any manner (whether by merger or otherwise) so as to adversely affect the powers, preferences or special rights of the Series A Preferred Stock without the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class.

(E) Except as otherwise provided herein, holders of Series A Preferred Stock shall have no special voting rights, and their consent shall not be required for taking any corporate action.

#### Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on outstanding shares of Series A Preferred Stock shall have been paid in full, the Corporation shall not:

- (i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;
- (ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such other parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;
- (iii) redeem, purchase or otherwise acquire for value any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or
- (iv) redeem, purchase or otherwise acquire for value any shares of Series A Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Preferred Stock and all such other parity stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for value any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock without designation as to series and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors as permitted by the Certificate of Incorporation or as otherwise permitted under



## Delaware Law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment; provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such other parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. If the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash or any other property, as the case may be, into which or for which each share of Common Stock is changed or exchanged. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank junior (as to dividends and upon liquidation, dissolution and winding up) to all other series of the Corporation's preferred stock

except any series that specifically provides that such series shall rank junior to the Series A Preferred Stock.

Section 10. Fractional Shares. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate this 12th day of December, 1995.

*/s/Richard G. Mosteller  
Richard G. Mosteller  
Senior Vice President -  
Finance  
Masco Corporation*

**Attest:**

*/s/Eugene A. Gargaro, Jr.  
Eugene A. Gargaro, Jr.  
Vice President and  
Secretary  
Masco Corporation*

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**EXHIBIT 4.c**

**AMENDMENT NO. 2**  
dated as of November 30, 1995

amending the

**\$750,000,000 AMENDED AND RESTATED CREDIT AGREEMENT**  
dated as of May 18, 1994

among

**MASCO CORPORATION**

**THE BANKS PARTY THERETO**

and

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK,**  
**as Agent**

## AMENDMENT NO. 2

AMENDMENT NO. 2 dated as of November 30, 1995 to the Amended and Restated Credit Agreement dated as of May 18, 1994, as heretofore amended (the "Agreement") among MASCO CORPORATION, the BANKS party thereto and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

WHEREAS the Borrower is selling its home furnishings group and, in connection with such sale, expects to take a charge in an amount not exceeding \$650,000,000 in the fourth quarter of 1995;

WHEREAS the Borrower desires to add such charge back to Consolidated Net Income for the purpose of determining the amount available for payment of dividends and acquisitions of the Borrower's equity securities under Section 5.03 of the Agreement; and

WHEREAS such sale may constitute a Restricted Transfer (as such term is currently defined in the Agreement) because a part of the consideration for such sale will consist of options to acquire an equity ownership interest in the buyer and, accordingly, the Borrower wishes to amend the definition of Restricted Transfer in Section 5.07(b) of the Agreement to exclude such sale;

NOW, THEREFORE, the Borrower and the undersigned Banks agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement has the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference, and each reference to "this Agreement" and each other similar reference, contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Limitation on Dividends and Acquisitions of Borrower's Equity Securities. The following proviso is added at the end of the first sentence of Section 5.03 of the Agreement:

; provided further that the charge in an amount not exceeding \$650,000,000 taken by the Borrower in the fourth quarter of 1995 in connection with the sale of its home furnishings group will be added back to Consolidated Net Income for purposes of clause (y) of this sentence.

SECTION 3. Definition of Restricted Transfer. The following proviso is added at the end of the last sentence of Section 5.07(b) of the Agreement:

; provided that the sale of the Borrower's home furnishings group to a new company formed by Morgan Stanley Capital Partners shall not constitute a Restricted Transfer so long as the Borrower and its Subsidiaries do not receive or subsequently acquire, directly or indirectly, (x) more than 20% of the equity ownership interests in the buyer or (y) any right to receive payments which are specifically contingent in amount or duration upon the earnings of the buyer or any portion of the buyer's business.

SECTION 4. Effectiveness of This Amendment. This Amendment shall become effective on the date when the Agent shall have received counterparts hereof signed by the Borrower and the Required Banks (or, in the case of any such party as to which an executed counterpart shall not have been received, the Agent shall have received in form satisfactory to it a facsimile or other written confirmation that such party has executed a counterpart hereof).

SECTION 5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 6. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

**The Borrower:**

**MASCO CORPORATION**

*By /s/ Robert B.  
Rosowski  
Title: Vice President  
-  
Controller*

**The Banks:**

**MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK**

*By /s/ Timothy S.  
Broadbent  
Title: Vice President*

**COMERICA BANK**

*By /s/ J.R. Grossett  
Title: Vice  
President*

**NBD BANK**

*By /s/ Richard H.  
Huttenlocher  
Title: Vice President*

**BANK OF AMERICA NT&SA**

By /s/ Steven K.  
Ahrenholz  
Title: Vice President

**BANK OF AMERICA ILLINOIS**

By /s/ Steven K.  
Ahrenholz  
Title: Vice President  
3

**NATIONSBANK OF TEXAS, N.A.**

*By /s/ Wallace W.  
Harris  
Title: Vice President*

**THE FIRST NATIONAL BANK OF CHICAGO**

*By /s/ Susan L.  
Comstock  
Title: Vice President*

**PNC BANK, NATIONAL ASSOCIATION**

*By /s/ John F. Broeren  
Title: Assistant Vice  
President*

**THE BANK OF NOVA SCOTIA**

*By /s/ F.C.H. Ashby  
Title: Senior Manager  
Loan  
Operations*

**ROYAL BANK OF CANADA**

*By /s/ Patrick K. Shields  
Title: Manager  
Corporate  
Banking*



**THE BANK OF NEW YORK**

*By /s/ Douglas A. Ober  
Title: Vice  
President*

**COMMERZBANK AKTIENGESELLSCHAFT  
GRAND CAYMAN BRANCH**

*By /s/ William J. Binder  
Title: Assistant Vice  
President*

*By /s/ Dr. Helmut Tollner  
Title: Executive Vice  
President*

**WACHOVIA BANK OF GEORGIA, N.A.**

*By /s/ Terry L. Akins  
Title: Senior Vice  
President*

**CHEMICAL BANK**

*By /s/ Rosemary  
Bradley  
Title: Vice  
President*

**THE DAI-ICHI KANGYO BANK, LTD.,  
CHICAGO BRANCH**

*By /s/ Takeshi Hemmi  
Title: Vice  
President*

**DEUTSCHE BANK AG CHICAGO BRANCH  
AND/OR CAYMAN ISLANDS BRANCH**

By

Title:

By

Title:

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**DRESDNER BANK AG CHICAGO AND  
GRAND CAYMAN BRANCHES**

*By /s/ Haig C.  
Garabedian  
Title: Vice President*

*By /s/ William J. Murray  
Title: Vice President*

**ISTITUTO BANCARIO SAN PAOLO  
DI TORINO, S.p.A.**

*By /s/ William J. DeAngelo  
Title: First Vice  
President*

*By /s/ Ettore Viazzo  
Title: Vice President*

**THE MITSUBISHI BANK, LIMITED**

*By /s/ Noboru Kobayashi  
Title: Joint General  
Manager*

**THE SANWA BANK LIMITED**

*By /s/ Richard H. Ault  
Title: Vice  
President*

**SOCIETY NATIONAL BANK**

*By /s/ Michael J.  
Jackson  
Title: Vice President*

**THE SUMITOMO BANK, LIMITED**

*By /s/ Hiroyuki Iwami  
Title: Joint General  
Manager*

**AMENDMENT NO. 3**  
dated as of January 31, 1996

amending the

**\$750,000,000 AMENDED AND RESTATED CREDIT AGREEMENT**  
dated as of May 18, 1994

among

**MASCO CORPORATION**

**THE BANKS PARTY THERETO**

and

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK,**  
**as Agent**

### AMENDMENT NO. 3

AMENDMENT NO. 3 dated as of January 31, 1996 to the Amended and Restated Credit Agreement dated as of May 18, 1994, as heretofore amended (the "Agreement") among MASCO CORPORATION, the BANKS party thereto and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

WHEREAS the Borrower proposes to sell its home furnishings group and, in connection with such proposed sale, is taking a charge in the fourth quarter of 1995; and

WHEREAS the Borrower desires to add such charge back to Consolidated Tangible Net Worth and Consolidated Net Income for purposes of calculations under Section 5.02 of the Agreement;

NOW, THEREFORE, the Borrower and the undersigned Banks agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement has the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference, and each reference to "this Agreement" and each other similar reference, contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Minimum Consolidated Tangible Net Worth. Section 5.02 of the Agreement is amended by adding the following new sentence at the end of said Section:

In addition, the following adjustments shall be made (solely for purposes of calculations under this Section) in connection with the charge taken by the Borrower in the fourth Fiscal Quarter of 1995 relating to the proposed sale of its home furnishings group (the "Home Furnishings Charge"):

(x) at all times after the Home Furnishings Charge is taken, Consolidated Tangible Net Worth shall be increased by adding back (A) the amount by which Consolidated Tangible Net Worth was reduced by such charge or (B) \$400,000,000, whichever is less; and

(y) for purposes of clause (i) of this Section, Consolidated Net Income for the fourth Fiscal Quarter of 1995 shall be calculated before giving effect to the Home Furnishings Charge.

SECTION 3. Effectiveness of This Amendment. This Amendment shall become effective on the date when the Agent shall have received counterparts hereof signed by the Borrower and the Required Banks (or, in the case of any such party as to which an executed counterpart shall not have been received, the Agent shall have received in form satisfactory to it a facsimile or other written confirmation that such party has executed a counterpart hereof).

SECTION 4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

**The Borrower:**

**MASCO CORPORATION**

*By /s/ Robert B.  
Rosowski  
Title: Vice President  
-  
Controller*

**The Banks:**

**MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK**

*By /s/ Timothy S.  
Broadbent  
Title: Vice President*

**COMERICA BANK**

*By /s/ J.R. Grossett  
Title: Vice  
President*



**NBD BANK**

By Richard H. Huttenlocher  
Title: Vice President

**BANK OF AMERICA NT&SA**

By /s/ Steven K.  
Ahrenholz  
Title: Vice President

**BANK OF AMERICA ILLINOIS**

By /s/ Steven K.  
Ahrenholz  
Title: Vice President

**NATIONSBANK OF TEXAS, N.A.**

By /s/ Wallace W.  
Harris  
Title: Vice President

**THE FIRST NATIONAL BANK OF  
CHICAGO**

By /s/ Thomas J.  
Connolly  
Title: Vice President

**PNC BANK, NATIONAL ASSOCIATION**

By /s/ Peter F. Stack  
Title: Commercial  
Banking  
Officer

**THE BANK OF NOVA SCOTIA**

*By /s/ F.C.H. Ashby  
Title: Senior Manager  
Loan  
Operations*

**ROYAL BANK OF CANADA**

*By /s/ Patrick K. Shields  
Title: Manager  
Corporate  
Banking*

**THE BANK OF NEW YORK**

*By /s/ Douglas A. Ober  
Title: Vice  
President*

**COMMERZBANK AKTIENGESELLSCHAFT  
GRAND CAYMAN BRANCH**

*By /s/ William J. Binder  
Title: Assistant Vice  
President*

*By /s/ Dr. Helmut Tollner  
Title: Executive Vice  
President*

**WACHOVIA BANK OF GEORGIA, N.A.**

By /s/ Terry L. Akins  
Title: Senior Vice  
President

**CHEMICAL BANK**

By /s/ Rosemary  
Bradley  
Title: Vice  
President

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**THE DAI-ICHI KANGYO BANK, LTD.,  
CHICAGO BRANCH**

*By /s/ Takeshi Hemmi  
Title: Vice  
President*

**DEUTSCHE BANK AG CHICAGO BRANCH  
AND/OR CAYMAN ISLANDS BRANCH**

By

Title:

By

Title:

**DRESDNER BANK AG CHICAGO AND  
GRAND CAYMAN BRANCHES**

*By /s/ E. Ronald Holder  
Title: Senior Vice  
President*

*By /s/ William J. Murray  
Title: Vice President*

**ISTITUTO BANCARIO SAN PAOLO  
DI TORINO, S.p.A.**

*By /s/ William J. DeAngelo  
Title: First Vice  
President*

*By /s/ Ettore Viazzo  
Title: Vice President*

**THE MITSUBISHI BANK, LIMITED**

By /s/ Noboru Kobayashi  
Title: Joint General  
Manager

**THE SANWA BANK LIMITED**

*By /s/ Richard H. Ault  
Title: Vice  
President*

**SOCIETY NATIONAL BANK**

*By /s/ Richard A.  
Pohle  
Title: Vice  
President*

**THE SUMITOMO BANK, LIMITED**

*By /s/ Hiroyuki Iwami  
Title: Joint General  
Manager*

## SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of December 21, 1994 (this "Amendment") is by and among MASCOTECH, INC., a Delaware corporation, the Banks, NBD BANK, N.A., a national banking association, as Agent for the Banks, and COMERICA BANK, a Michigan banking association, THE BANK OF NEW YORK, a New York banking corporation, THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York banking association, and NATIONSBANK OF NORTH CAROLINA, N.A., a national banking association, as Co-Agents.

### RECITALS

A. The Company, the Banks, the Agent and the Co-Agents are parties to a Credit Agreement dated as of September 2, 1993, as amended by a First Amendment to Credit Agreement dated as of June 29, 1994. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed thereto in such Agreement.

B. The Company, the Banks, the Agent and the Co-Agents are willing to amend the Agreement as set forth herein.

### TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties hereby agree as follows:

ARTICLE I. AMENDMENTS. Upon fulfillment of the conditions set forth in Article III hereof, the Agreement shall be amended as follows:

1.1 The definition of "EBIT" contained in Section 1.1 is restated in its entirety to read as follows:

"EBIT" means, for any period, Net Income, exclusive of any Non-Cash Special Items, for such period plus, to the extent deducted in determining such Net Income: (a) Interest Charges for such period, (b) income and other taxes and (c) for all purposes other than calculating the Interest Coverage Ratio in determining the Applicable Margin, the portion of the special charges not included in Non-Cash Special Items, recorded



through December 31, 1995, relating to the sale and/or restructuring of certain of the business units of the Company and its Subsidiaries, the general components of such sale and/or restructuring to be announced no later than February 28, 1995, provided that for purposes of this definition such portion not included in Non-Cash Special Items shall not exceed \$30,000,000.

1.2 Section 7.5 is restated in its entirety as follows:

Total Leverage Ratio. The Company will not permit or suffer the Total Leverage Ratio to be greater than

- (a) 1.75 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from January 1, 1994 through December 30, 1994, (b) 1.75 to 1.0 as of the last day of any fiscal quarter of the Company during the period from December 31, 1994 through March 31, 1995, (c) 1.65 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from April 1, 1995 through December 30, 1995, (d) 1.40 to 1.0 as of December 31, 1995, (e) 1.65 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from January 1, 1996 through December 30, 1996, (f) 1.25 to 1.0 as of December 31, 1996, (g) 1.50 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from January 1, 1997 through December 30, 1997, (h) 1.0 to 1.0 as of December 31, 1997, (i) 1.25 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from January 1, 1998 through December 30, 1998, (j) 1.0 to 1.0 as of December 31, 1998, and (k) 1.25 to 1.0 as of the last day of any fiscal quarter of the Company thereafter.

1.3 Clause (a) of Section 7.8 is restated in its entirety as follows:

- (a) The Company will not permit or suffer the Senior Debt Coverage Ratio to be greater than (i) 5.50 to 1.00 at any time during the period from the Closing Date through September 29, 1995, and (ii) 5.00 to 1.00 at any time thereafter.

1.4 Clause (c) of Section 7.8 is restated in its entirety as follows:

- (c) As used in this Section 7.8, the term "Maximum Allowed Senior Debt Coverage Ratio" means (i) 4.25 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from the Closing Date through December 30, 1993, (ii) 4.00 to 1.00 on

the Relevant Day immediately following December 31, 1993, (iii)

4.25 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from

January 1, 1994 through December 30, 1994, (iv) 3.50 to 1.00 on the Relevant Day immediately following December 31, 1994, (v)

5.50 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from January 1, 1995 through September 29, 1995, (vi) 3.75 to

1.00 on the Relevant Day immediately following September 30, 1995,

(vii) 3.50 to 1.00 on the Relevant Day immediately following December 31, 1995, (viii) 3.75 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from January 1, 1996 through December 30, 1996, (ix)

3.25 to 1.00 on the Relevant Day immediately following each of December 31, 1996 and December 31, 1997, and (ix) 3.50 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending after January 1, 1997, other than the fiscal quarter

ending December 31, 1997. For purposes of this Section 7.8, all Senior Debt which is repaid with cash received by the Company from Masco Corporation for the purchase of preferred stock or subordinated debt securities pursuant to the Securities Purchase Agreement within forty-five

days after the last day of any fiscal quarter of the Company shall be deemed repaid as of the last day of such fiscal quarter, and during such forty-five day period no Default shall be deemed to have occurred due to noncompliance with this

Section 7.8.

ARTICLE II. REPRESENTATIONS. The Company represents and warrants that:

2.1 The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate action and do not and will not violate the provisions of any applicable law or regulation or of the certificate of incorporation or bylaws of the Company or any Subsidiary or any order of any court, regulatory body or arbitral tribunal and do not and will not result in the breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, any indenture or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or its property may be bound or affected. The execution, delivery and performance of this Amendment do not require, for the validity thereof, nor does the enforceability of this Amendment require, any filing with, or consent, authorization or approval of, any state or federal agency or regulatory authority, other than filings, consents or approvals which have been made or obtained.

2.2 This Amendment constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

2.3 After giving effect to the amendments herein contained, the representations and warranties contained in Article VI of the Agreement are true on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

2.4 As of the date hereof, there is no Default.

**ARTICLE III. CONDITIONS OF EFFECTIVENESS.** This Amendment shall not become effective until the following shall have been delivered to the Agent:

3.1 This Amendment duly executed on behalf of the Company and the Required Banks.

3.2 A copy of the resolutions adopted by the Board of Directors of the Company, certified by an officer of the Company as being true and correct and in full force and effect without amendment as of the date hereof, authorizing the Company to enter into this Amendment.

3.3 An opinion of counsel for the Company in the form of Schedule 3.3 hereto.

**ARTICLE IV. MISCELLANEOUS.**

4.1 The Company shall pay to the Agent, for the benefit of each Consenting Bank, on or within two Business Days after the date of this Amendment an amendment fee in the amount of five basis points of the Commitment of such Consenting Bank. As used herein, a "Consenting Bank" shall be a Bank which both (a) commits in writing to the Agent on or before December 19, 1994 to execute this Amendment and (b) executes this Amendment.

4.2 For purposes of the representation contained in the last sentence of Section 6.6, the Banks acknowledge that, after giving effect to the special charges recorded by the Company and its Subsidiaries through December 31, 1995 relating to the sale and/or restructuring of certain of the business units of the Company and its Subsidiaries, the general components of such sale and/or restructuring to be announced no later than February 28, 1995, there has been no material adverse change in the consolidated operations or condition, financial or otherwise, of the Company and its Consolidated Subsidiaries considered as a whole since December 31, 1992, to the extent of \$375,000,000 aggregate after-tax amount of such charges; provided, however, that the foregoing does not constitute an acknowledgement as to the effect of any special charge or event other than the special

charge referred to above for purposes of the representation contained in the last sentence of Section 6.6.

4.3 References in the Agreement or in any note, certificate, instrument or other document to the Agreement shall be deemed to be references to the Agreement as amended from time to time.

4.4 The Company agrees to pay and to save the Agent harmless for the payment of all costs and expenses arising in connection with this Amendment, including the reasonable fees of counsel to the Agent in connection with preparing this Amendment and the related documents.

4.5 The Company agrees that the Agreement and other documents and agreements executed by the Company in connection with the Agreement in favor of the Agent, the Co-Agents and/or the Banks are ratified and confirmed and shall remain in full force and effect, except as expressly amended hereby.

4.6 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument, and telecopied signatures shall be effective.

4.7 This Amendment is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered as of the day and year first above written.

*NBD BANK, N.A.*

*MASCOTECH, INC.*

*By: /s/ Richard H. Huttenlocher  
Richard H. Huttenlocher  
Its: Vice President  
Treasurer*

*By: /s/ Timothy Wadhams  
Timothy Wadhams  
Its Vice President-  
Controller and*

THE BANK OF NEW YORK

By: /s/ Douglas A. Ober  
Its: Vice President

THE FIRST NATIONAL BANK  
OF CHICAGO

By: /s/ Susan L. Comtle  
Its: Vice President

NATIONSBANK OF NORTH  
CAROLINA, N.A.

By: /s/ William A. Bowen, Jr.  
William A. Bowen, Jr.  
Its: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Jack F. Broeren  
Its: Assistant Vice President

MICHIGAN NATIONAL BANK

By: /s/ Joseph M. Redoutey  
Kaczmarczyk  
Joseph M. Redoutey  
Its: Second Vice President

COMERICA BANK

By: /s/ James R. Grossett  
Its: Vice President

MORGAN GUARANTY TRUST  
COMPANY OF NEW YORK

By: /s/ Timothy S. Broadbent  
Its: Vice President

BANK OF AMERICA ILLINOIS

By: /s/ Steve Ahrenholz  
Its: Vice President

BANK OF AMERICA NATIONAL  
TRUST AND SAVINGS ASSOCIATION

By: /s/ Steve Ahrenholz  
Its: Vice President

ROYAL BANK OF CANADA

By: /s/ Holly Spencer  
Its: Manager

NATIONAL CITY BANK

By: /s/ Marybeth S. Howe

Its: Vice President  
Manager

FIRST BANK NATIONAL  
ASSOCIATION

By: /s/ Michael J. McGroarty

Its: V.P.

CIBC INC.  
N.A.

By: /s/ Kent Davis

Its: Vice President  
President

\*CORESTATES PHILADELPHIA  
NATIONAL BANK

By: /s/ Corestates Philadelphia

Its: \_\_\_\_\_

FIRST NATIONAL BANK  
OF BOSTON

By: /s/ Rod Quinn

Its: Vice President

THE FUJI BANK, LTD.

By: /s/ Peter L. Chinnici

Its: Joint General

CITIBANK, N.A.

By: /s/ Barbara A. Cohen

Its: Vice President

WACHOVIA BANK OF GEORGIA,

By: /s/ Terry L. Akin

Its: Senior Vice

SHAWMUT BANK  
CONNECTICUT, N.A.

By: /s/ Manfred O. Eigenbrod

Its: Managing Director

THE SANWA BANK, LIMITED,  
CHICAGO BRANCH

By: /s/ Richard H. Ault

Its: Vice President

Correct Legal Title is  
\*CoreStates Bank, N.A.

### Schedule 3.3

December 21, 1994

To the Banks, Co-Agents and Agent  
party to the Credit Agreement  
described herein, in care of  
NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: Mr. Richard H. Huttenlocher

Ladies and Gentlemen:

Reference is made to the Second Amendment to Credit Agreement, dated as of December 21, 1994 (the "Amendment"), by and among MascoTech, Inc., a Delaware corporation (the "Company"), the Banks and the Co-Agents party thereto, and NBD Bank, N.A., as Agent for the Banks. I am the Associate General Counsel for the Company, and in the capacity of counsel for the Company I have been requested by the Company to give my opinion pursuant to Section 3.3 of the Amendment. For purposes of this opinion, the terms used in this opinion which are not defined herein shall have the respective meanings set forth in the Agreement.

I or members of the legal staff of the Company have examined originals or copies of all such documents, corporate records and other instruments of the Company, and have made such investigations of fact and law, as I have deemed necessary or advisable for purposes of this opinion.

Based upon the foregoing, it is my opinion that:

- (a) The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and is duly authorized to do business and is in good standing in the State of Michigan;
- (b) The Company has all requisite corporate power and authority to conduct its business substantially as now being

conducted and to own its properties;

(c) The Company has full power, authority and legal right to execute and deliver the Amendment and to perform and observe the terms and provisions thereof. The execution, delivery and performance by the Company of its obligations under the Amendment have been duly authorized by the proper corporate proceedings and do not contravene any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Company or any Subsidiary, or any order of any court, regulatory body or arbitral tribunal or any judgment, order or decree, or, to my knowledge after due inquiry, any agreement or instrument, binding on the Company or any Subsidiary, or, to my knowledge after due inquiry, result in the creation of any lien, charge or encumbrance upon any of their respective properties or assets pursuant to any agreement or instrument to which any of them is a party or binding upon any of them;

(d) The Amendment constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms;

(e) There are, to my knowledge after due inquiry, no suits, proceedings or actions at law or in equity or by or before any governmental commission, board, bureau or other administrative agency pending or threatened against or affecting the Company or any Subsidiary, (i) in which there is a reasonable possibility of an adverse decision which is likely to materially and adversely affect the financial condition or business of the Company and its Subsidiaries, taken as a whole or (ii) which will in any manner affect the enforceability or validity of the Amendment;

(f) No approval, consent or authorization of or filing or registration with any state or federal agency or regulatory authority is necessary for the execution or delivery by the Company of the Amendment, for the validity or enforceability of the Amendment or for the performance by the Company of any of the terms or conditions thereof.



To the Banks and Agent

December \_\_\_\_\_, 1994

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The opinion expressed in paragraph (d) above is subject to the qualification that the enforcement of the rights and remedies under the Amendment is subject to the effect of applicable bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and to general principles of equity, whether applied in a proceeding at law or in equity.

Sincerely,

Barry J. Silverman Associate General Counsel

**BJS/chc**

### THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT, dated as of September 28, 1995 (this "Amendment") is by and among MASCOTECH, INC., a Delaware corporation, the Banks, NBD BANK, formerly known as NBD Bank, N.A., a Michigan banking corporation, as Agent for the Banks, and COMERICA BANK, a Michigan banking association, THE BANK OF NEW YORK, a New York banking corporation, THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York banking association, and NATIONSBANK OF NORTH CAROLINA, N.A., a national banking association, as Co-Agents.

#### RECITALS

A. The Company, the Banks, the Agent and the Co-Agents are parties to a Credit Agreement dated as of September 2, 1993, as amended by a First Amendment to Credit Agreement dated as of June 29, 1994 and a Second Amendment to Credit Agreement dated as of December 21, 1994. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed thereto in such Agreement.

B. The Company, the Banks, the Agent and the Co-Agents are willing to amend the Agreement as set forth herein.

#### TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties hereby agree as follows:

ARTICLE I. AMENDMENTS. Upon fulfillment of the conditions set forth in Article III hereof, the Agreement shall be amended as follows:

1.1 Reference in Section 7.4 to "2.0 to 1.0" shall be deleted and "1.25 to 1.0" shall be substituted in place thereof.

1.2 Clause (a) of Section 7.8 is restated in its entirety as follows:

(a) The Company will not permit or suffer the Senior Debt Coverage Ratio to be greater than (i) 5.50 to 1.00 at any time during the period from the Closing Date to the Relevant Day immediately following December 31, 1995, and (ii) 5.00 to 1.00 on the Relevant Day immediately following December 31, 1995 or at any time thereafter.

Reference in Section 7.8(c)(vi) to "3.75" shall be deleted and "5.50" shall be substituted in place thereof.

Reference in Section 7.8(c)(vii) to "3.50" shall be deleted and "4.0" shall be substituted in place thereof.

**ARTICLE II. REPRESENTATIONS.** The Company represents and warrants that:

2.1 The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate action and do not and will not violate the provisions of any applicable law or regulation or of the certificate of incorporation or bylaws of the Company or any Subsidiary or any order of any court, regulatory body or arbitral tribunal and do not and will not result in the breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, any indenture or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or its property may be bound or affected. The execution, delivery and performance of this Amendment do not require, for the validity thereof, nor does the enforceability of this Amendment require, any filing with, or consent, authorization or approval of, any state or federal agency or regulatory authority, other than filings, consents or approvals which have been made or obtained.

2.2 This Amendment constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

2.3 After giving effect to the amendments herein contained, the representations and warranties contained in Article VI of the Agreement are true on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

2.4 As of the date hereof, there is no Default.

**THIRD AMENDMENT TO CREDIT AGREEMENT Page 2**

ARTICLE III. CONDITIONS OF EFFECTIVENESS. This Amendment shall not become effective until the following shall have been delivered to the Agent:

3.1 This Amendment duly executed on behalf of the Company and the Required Banks.

3.2 A copy of the resolutions adopted by the Board of Directors of the Company, certified by an officer of the Company as being true and correct and in full force and effect without amendment as of the date hereof, authorizing the Company to enter into this Amendment.

3.3 An opinion of counsel for the Company in the form of Schedule 3.3 hereto.

**ARTICLE IV. MISCELLANEOUS.**

4.1 References in the Agreement or in any note, certificate, instrument or other document to the Agreement shall be deemed to be references to the Agreement as amended from time to time.

4.2 The Company agrees to pay and to save the Agent harmless for the payment of all costs and expenses arising in connection with this Amendment, including the reasonable fees of counsel to the Agent in connection with preparing this Amendment and the related documents.

4.3 The Company agrees that the Agreement and other documents and agreements executed by the Company in connection with the Agreement in favor of the Agent, the Co-Agents and/or the Banks are ratified and confirmed and shall remain in full force and effect, except as expressly amended hereby.

4.4 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument, and telecopied signatures shall be effective.

4.5 This Amendment is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

**THIRD AMENDMENT TO CREDIT AGREEMENT Page 3**

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered as of the day and year first above written.

NBD BANK

By: /s/ Richard H. Huttenlocher  
Richard H. Huttenlocher  
Its: Vice President

Treasurer

MASCOTECH, INC.

By: /s/ Timothy Wadhams  
Timothy Wadhams  
Its: Vice President-  
Controller and

THE BANK OF NEW YORK

By: /s/ Douglas Ober  
Its: Vice President

COMERICA BANK

By: /s/ James R. Grossett  
Its: Vice President

THE FIRST NATIONAL BANK  
OF CHICAGO

By: /s/ Thomas J. Connally  
Its: Vice President

MORGAN GUARANTY TRUST  
COMPANY OF NEW YORK

By: /s/ Timothy S. Broadbent  
Its: Vice President

NATIONSBANK OF NORTH  
CAROLINA, N.A.

By: /s/ Nationsbank of North  
Carolina, N.A.  
Its:

BANK OF AMERICA ILLINOIS

By: /s/ Steven K. Ahrenholz  
Its: Vice President

**THIRD AMENDMENT TO CREDIT AGREEMENT Page 4**

PNC BANK, NATIONAL ASSOCIATION  
ASSOCIATION

By: /s/ Jack F. Broeren  
Its: Assistant Vice President

MICHIGAN NATIONAL BANK

By: /s/ Joseph M. Redoutey  
Joseph M. Redoutey  
Its: Second Vice President

NATIONAL CITY BANK

By: /s/ National City Bank  
Its: \_\_\_\_\_  
Manager

FIRST BANK NATIONAL  
ASSOCIATION

By: /s/ Michael J. McGroarty  
Its: Vice President

CIBC INC.  
N.A.

By: /s/ Kent Davis  
Its: Vice President  
President

BANK OF AMERICA NATIONAL  
TRUST AND SAVINGS

By: /s/ Steven K. Ahrenholz  
Its: Vice President

ROYAL BANK OF CANADA

By: /s/ Royal Bank of Canada  
Its:

THE FUJI BANK, LTD.

By: /s/ Peter L. Chinnici  
Peter L. Chinnici  
Its: Joint General

CITIBANK, N.A.

By:  
Its:

WACHOVIA BANK OF GEORGIA,

By: /s/ Terry L. Akin  
Its: Senior Vice

CORESTATES PHILADELPHIA  
NATIONAL BANK

SHAWMUT BANK  
CONNECTICUT, N.A.

By: /s/ Ann Marie Fitzsimmons  
Ann Marie Fitzsimmons  
Its: Assistant Vice President

By: /s/ Robert Lord  
Its: Director

FIRST NATIONAL BANK  
OF BOSTON

THE SANWA BANK, LIMITED,  
CHICAGO BRANCH

By: /s/ Tod Quinn  
Its: Director

By: /s/ Richard H. Ault  
Richard H. Ault  
Its: Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT  
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### Schedule 3.3

\_\_\_\_\_, 1995

To the Banks, Co-Agents and Agent party  
to the Credit Agreement described herein, in care of NBD Bank, as Agent  
NBD Bank  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: Mr. Richard H. Huttenlocher

Ladies and Gentlemen:

Reference is made to the Third Amendment to Credit Agreement, dated as of \_\_\_\_\_, 1995 (the "Amendment"), by and among MascoTech, Inc., a Delaware corporation (the "Company"), the Banks and the Co-Agents party thereto, and NBD Bank, as Agent for the Banks. I am the Associate General Counsel for the Company, and in the capacity of counsel for the Company I have been requested by the Company to give my opinion pursuant to Section 3.3 of the Amendment. For purposes of this opinion, the terms used in this opinion which are not defined herein shall have the respective meanings set forth in the Agreement.

I or members of the legal staff of the Company have examined originals or copies of all such documents, corporate records and other instruments of the Company, and have made such investigations of fact and law, as I have deemed necessary or advisable for purposes of this opinion.

Based upon the foregoing, it is my opinion that:

- (a) The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and is duly authorized to do business and is in good standing in the State of Michigan;
- (b) The Company has all requisite corporate power and authority to conduct its business substantially as now being conducted and to own its properties;
- (c) The Company has full power, authority and legal right to execute and deliver the Amendment and to perform and observe the terms and provisions thereof. The



execution, delivery and performance by the Company of its obligations under the Amendment have been duly authorized by the proper corporate proceedings and do not contravene any provision of applicable law or regulation or of the certificate any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Company of any Subsidiary, or any order of any court, regulatory body or arbitral tribunal or any judgment, order or decree, or, to my knowledge after due inquiry, any agreement or instrument, binding on the Company or any Subsidiary, or, to my knowledge after due inquiry, result in the creation of any lien, charge or encumbrance upon any of their respective properties or assets pursuant to any agreement or instrument to which any of them is a party or binding upon any of them;

(d) The Amendment constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms;

(e) There are, to my knowledge after due inquiry, no suits, proceedings or actions at law or in equity or by or before any governmental commission, board, bureau or other administrative agency pending or threatened against or affecting the Company or any Subsidiary, (i) in which there is a reasonable possibility of an adverse decision which is likely to materially and adversely affect the financial condition or business of the Company and its Subsidiaries, taken as a whole or (ii) which will in any manner affect the enforceability or validity of the Amendment;

(f) No approval, consent or authorization of or filing or registration with any state or federal agency or regulatory authority is necessary for the execution or delivery by the Company of the Amendment, for the validity or enforceability of the Agreement or for the performance by the Company of any of the terms or conditions thereof.

The opinion expressed in paragraph (d) above is subject to the qualification that the enforcement of the rights and remedies under the Amendment is subject to the effect of applicable bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and to general principles of equity, whether applied in a proceeding at law or in equity.

Sincerely,

Barry J. Silverman Associate General Counsel

**BJS/kbd**

**Exhibit 4.f**

**RIGHTS AGREEMENT**

dated as of

December 6, 1995

between

**Masco Corporation**

and

The Bank of New York,

**as Rights Agent**

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## RIGHTS AGREEMENT

AGREEMENT dated as of December 6, 1995, between Masco Corporation, a Delaware corporation (the "Company"), and The Bank of New York, as Rights Agent (the "Rights Agent"),

### WITNESSETH

WHEREAS, on December 6, 1995 the Board of Directors of the Company authorized and declared a dividend of one preferred stock purchase right (a "Right") for each share of Common Stock (as hereinafter defined) outstanding at the close of business on December 18, 1995 (the "Record Date") and has authorized the issuance, upon the terms and subject to the conditions hereinafter set forth, of one Right in respect of each share of Common Stock issued after the Record Date, each Right representing the right to purchase, upon the terms and subject to the conditions hereinafter set forth, one one-thousandth of a share of Preferred Stock (as hereinafter defined);

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. The following terms, as used herein, have the following meanings:

"Acquiring Person" means any Person who, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding, but shall not include the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or any Person organized, appointed or established by the Company or any of its Subsidiaries for or pursuant to the terms of any such plan.

"Affiliate" and "Associate" have the respective meanings ascribed to such terms in Rule 12b-2 under the Exchange Act as in effect on the date hereof.

A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own", any securities:

(a) which such Person or any of its Affiliates or Associates, directly or indirectly, beneficially owns (as determined pursuant to Rule 13d-3 under the Exchange Act as in effect on the date hereof);

(b) which such Person or any of its Affiliates or Associates, directly or indirectly, has

(i) the right to acquire (whether such right is exercisable immediately or only upon the occurrence of certain events or the passage of time or both) pursuant to any agreement, arrangement or understanding (whether or not in writing) or otherwise (other than pursuant to the Rights); provided that a Person shall not be deemed the "Beneficial Owner" of or to "beneficially own" securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of its Affiliates or Associates until such tendered securities are accepted for payment or exchange; or

(ii) the right to vote (whether such right is exercisable immediately or only upon the occurrence of certain events or the passage of time or both) pursuant to any agreement, arrangement or understanding (whether or not in writing) or otherwise; provided that a Person shall not be deemed the "Beneficial Owner" of or to "beneficially own" any security under this clause (ii) as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act and (B) is not also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(c) which are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of its Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable

proxy as described in subparagraph (b)(ii) immediately above) or disposing of any such securities.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Close of business" on any given date means 5:00 P.M., New York City time, on such date; provided that if such date is not a Business Day "close of business" means 5:00 P.M., New York City time, on the next succeeding Business Day.

"Common Stock" means the Common Stock, par value \$1.00 per share, of the Company, except that, when used with reference to any Person other than the Company, "Common Stock" means the capital stock of such Person with the greatest voting power, or the equity securities or other equity interest having power to control or direct the management, of such Person.

"Continuing Director" means any member of the Board of Directors of the Company, while such Person is a member of the Board, who is not an Acquiring Person or an Affiliate or Associate of an Acquiring Person or a representative or nominee of an Acquiring Person or of any such Affiliate or Associate and either (a) was a member of the Board immediately prior to the time any Person becomes an Acquiring Person or (b) subsequently becomes a member of the Board, if such Person's nomination for election or election to the Board is recommended or approved by a majority of the Continuing Directors.

"Distribution Date" means the earlier of (a) the close of business on the tenth day (or such later day as may be designated by action of a majority of the Continuing Directors) after the Stock Acquisition Date and (b) the close of business on the tenth Business Day (or such later day as may be designated by action of a majority of the Continuing Directors) after the date of the commencement of a tender or exchange offer by any Person if, upon consummation thereof, such Person would be an Acquiring Person.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expiration Date" means the earlier of (a) the Final Expiration Date and (b) the time at which all



Rights are redeemed as provided in Section 23 or exchanged as provided in Section 24.

"Final Expiration Date" means the close of business on December 6, 2005.

"Person" means an individual, corporation, partnership, association, trust or any other entity or organization.

"Preferred Stock" means the Series A Participating Cumulative Preferred Stock, par value 1.00 per share, of the Company, having the terms set forth in the form of certificate of designation attached hereto as Exhibit A.

"Purchase Price" means the price (subject to adjustment as provided herein) at which a holder of a Right may purchase one one-thousandth of a share of Preferred Stock (subject to adjustment as provided herein) upon exercise of a Right, which price shall initially be \$100.00.

"Section 11(a)(ii) Event" means any event described in the first clause of Section 11(a)(ii).

"Section 13 Event" means any event described in clauses (x), (y) or (z) of Section 13(a).

"Securities Act" means the Securities Act of 1933, as amended.

"Stock Acquisition Date" means the date of the first public announcement (including the filing of a report on Schedule 13D under the Exchange Act (or any comparable or successor report)) by the Company or an Acquiring Person indicating that an Acquiring Person has become such.

"Subsidiary" of any Person means any other Person of which securities or other ownership interests having ordinary voting power, in the absence of contingencies, to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such first Person.

"Trading Day" means a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange, a Business Day.

"Triggering Event" means any Section 11(a)(ii) Event or any Section 13 Event.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable upon ten (10) days' prior written notice to the Rights Agent. The Rights Agent shall have no duty to supervise, and shall in no event be liable for, the acts or omissions of any such Co-Rights Agent. If the Company appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and any Co-Rights Agents shall be as the Company shall determine.

Section 3. Issue of Right Certificates. (a) Prior to the Distribution Date, (i) the Rights will be evidenced by the certificates for the Common Stock and not by separate Right Certificates (as hereinafter defined) and the registered holders of the Common Stock shall be deemed to be the registered holders of the associated Rights, and (ii) the Rights will be transferable only in connection with the transfer of the underlying shares of Common Stock. As soon as practicable after the Record Date, the Company will send a summary of the Rights substantially in the form of Exhibit C hereto, by first-class, postage prepaid mail, to each record holder of the Common Stock as of the close of business on the Record Date at the address of such holder shown on the records of the Company.

(b) As soon as practicable after the Company has notified the Rights Agent of the occurrence of the Distribution Date, the Rights Agent will send, by first-class, insured, postage prepaid mail, to each record holder of the Common Stock as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, one or more Right Certificates evidencing one Right (subject to adjustment as provided herein) for each share of Common Stock so held. If an adjustment in the number of Rights per share of Common Stock has been made pursuant to Section 11(p), the Company shall, at the time of distribution of the Right Certificates, make the necessary and appropriate rounding adjustments (in accordance with Section 14(a)) so that Right Certificates representing only whole numbers of Rights are distributed and cash is paid in lieu of any fractional Rights. From and after the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(c) Rights shall be issued in respect of all shares of Common Stock outstanding as of the Record Date or

issued (on original issuance or out of treasury) after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the Expiration Date, the Company (i) shall, with respect to shares of Common Stock so issued or sold (x) pursuant to the exercise of stock options or under any employee plan or arrangement or (y) upon the exercise, conversion or exchange of other securities issued by the Company prior to the Distribution Date and (ii) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided that no such Right Certificate shall be issued if, and to the extent that, (i) the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued or (ii) appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

(d) Certificates for the Common Stock issued after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences certain Rights as set forth in a Rights Agreement between Masco Corporation and The Bank of New York, dated as of December 6, 1995 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge promptly after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be evidenced by separate certificates and no longer be evidenced by this certificate, may be redeemed or exchanged or may expire. As set forth in the Rights Agreement, Rights issued to, or held by, any Person who is, was or becomes an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may be null and void.

Section 4. Form of Right Certificates. (a) The certificates evidencing the Rights (and the forms of assignment, election to purchase and certificates to be printed on the reverse thereof) (the "Right Certificates")

shall be substantially in the form of Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law, rule or regulation or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. The Right Certificates shall be in a machine printable format and in a form reasonably satisfactory to the Rights Agent. The Right Certificates, whenever distributed, shall be dated as of the Record Date and shall show the date of countersignature.

(b) Any Right Certificate representing Rights beneficially owned by any Person referred to in clauses (i), (ii) or (iii) of the first sentence of Section 7(d) shall (to the extent feasible) contain the following legend:

The Rights represented by this Right Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement). This Right Certificate and the Rights represented hereby may be or may become null and void in the circumstances specified in Section 7(d) of such Agreement.

Section 5. Countersignature and Registration. (a) The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President or any Vice President, either manually or by facsimile signature, and shall have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by an authorized signatory of the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company whose manual or facsimile signature is affixed to the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates may, nevertheless, be countersigned by the Rights Agent and issued and delivered with the same force and effect as though the Person who signed such Right Certificates had not ceased to be such officer of the Company. Any Right Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such Person was not such an officer.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its principal office or offices designated as the place for surrender of Right Certificates upon exercise, transfer or exchange, books for registration and transfer of the Right Certificates. Such books shall show with respect to each Right Certificate the name and address of the registered holder thereof, the number of Rights indicated on the certificate and the certificate number.

Section 6. Transfer and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates. (a) At any time after the Distribution Date and prior to the Expiration Date, any Right Certificate or Certificates may, upon the terms and subject to the conditions set forth below in this Section 6(a), be transferred or exchanged for another Right Certificate or Certificates evidencing a like number of Rights as the Right Certificate or Certificates surrendered. Any registered holder desiring to transfer or exchange any Right Certificate or Certificates shall surrender such Right Certificate or Certificates (with, in the case of a transfer, the form of assignment and certificate on the reverse side thereof duly executed) to the Rights Agent at the principal office or offices of the Rights Agent designated for such purpose. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate or Certificates until the registered holder of the Rights has complied with the requirements of Section 7(e). Upon satisfaction of the foregoing requirements, the Rights Agent shall, subject to Sections 4(b),

7(d), 14 and 24, countersign and deliver to the Person entitled thereto a Right Certificate or Certificates as so requested. The Company may require payment by the holders of Rights of a sum sufficient to cover any transfer tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Right Certificate or Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will issue and deliver a new Right Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights. (a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein, including Sections 7(d) and (e), 9(c), 11(a) and 24) in whole or in part at any time after the Distribution Date and prior to the Expiration Date upon surrender of the Right Certificate, with the form of election to purchase and the certificate on the reverse side thereof duly executed, to the Rights Agent at the principal office or offices of the Rights Agent designated for such purpose, together with payment (in lawful money of the United States of America by certified check or bank draft payable to the order of the Company) of the aggregate Purchase Price with respect to the Rights then to be exercised and an amount equal to any applicable transfer tax or other governmental charge.

(b) Upon satisfaction of the requirements of Section 7(a) and subject to Section 20(k), the Rights Agent shall thereupon promptly (i)(A) requisition from any transfer agent of the Preferred Stock (or make available, if the Rights Agent is the transfer agent therefor) certificates for the total number of one one-thousandths of a share of Preferred Stock to be purchased (and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests) or (B) if the Company shall have elected to deposit the shares of Preferred Stock issuable upon exercise of the Rights with a depository agent, requisition from the depository agent depository receipts representing such number of one one-thousandths of a share of Preferred Stock as are to be purchased (in which case certificates for the shares of Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company will direct the depository agent to comply with such request,

(ii) requisition from the Company the amount of cash, if any, to be paid in lieu of issuance of fractional shares in accordance with Section 14 and

(iii) after receipt of such certificates or depository receipts and cash, if any, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate (with such certificates or receipts registered in such name or names as may be designated by such holder). If the Company is obligated to deliver Common Stock, other securities or assets pursuant to this Agreement, the Company will make all arrangements necessary so that such other securities and assets are available for delivery by the Rights Agent, if and when appropriate.

(c) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing the number of Rights remaining unexercised shall be issued by

the Rights Agent and delivered to, or upon the order of, the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder, subject to the provisions of Section 14.

(d) Notwithstanding anything in this Agreement to the contrary, from and after the first occurrence of a Section 11(a)(ii) Event, any Rights beneficially owned by (i) an Acquiring Person or an Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person becomes such or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person (or any such Associate or Affiliate) to holders of equity interests in such Acquiring Person (or in any such Associate or Affiliate) or to any Person with whom the Acquiring Person (or any such Associate or Affiliate) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a transfer which the Continuing Directors have determined is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(d) shall become null and void without any further action, and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to insure that the provisions of this Section 7(d) and Section 4(b) are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates and Associates or any transferee of any of them hereunder.

(e) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of Rights upon the occurrence of any purported transfer pursuant to Section 6 or exercise pursuant to this Section 7 unless such registered holder (i) shall have completed and signed the certificate contained in the form of assignment or election to purchase, as the case may be, set forth on the reverse side of the Right Certificate surrendered for such transfer or exercise, as the case may be, (ii) shall not have indicated an affirmative response to clause 1 or 2 thereof and (iii) shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for exercise, transfer or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by this Agreement. The Company shall deliver to the Rights Agent for cancellation, and the Rights Agent shall cancel, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Capital Stock. (a) The Company covenants and agrees that it will cause to be reserved and kept available a number of shares of Preferred Stock which are authorized but not outstanding or otherwise reserved for issuance sufficient to permit the exercise in full of all outstanding Rights as provided in this Agreement.

(b) So long as the Preferred Stock issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all securities reserved for such issuance to be listed on any such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use its best efforts (i) to file, as soon as practicable following the earliest date after the occurrence of a Section 11(a)(ii) Event as of which the consideration to be delivered by the Company upon exercise of the Rights has been determined in accordance with Section 11(a)(iii), or as soon as is required by law following the Distribution Date, as the case may be, a registration statement under the Securities Act with respect to the securities issuable upon exercise of the Rights, (ii) to cause such registration statement to become effective as soon as practicable after such filing and (iii) to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities and (B) the Expiration Date. The Company will also take such action as may be appropriate under, or to ensure compliance with, the securities or blue sky laws of the various states in connection with the exercisability of the Rights. The Company may temporarily



suspend, for a period of time not to exceed 90 days after the date set forth in clause (i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. Notwithstanding any such provision of this Agreement to the contrary, the Rights shall not be exercisable for securities in any jurisdiction if the requisite qualification in such jurisdiction shall not have been obtained, such exercise therefor shall not be permitted under applicable law or a registration statement in respect of such securities shall not have been declared effective.

(d) The Company covenants and agrees that it will take all such action as may be necessary to insure that all one one-thousandths of a share of Preferred Stock issuable upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and other governmental charges which may be payable in respect of the issuance or delivery of the Right Certificates and of any certificates for Preferred Stock upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax or other governmental charge which may be payable in respect of any transfer involved in the issuance or delivery of any Right Certificates or of any certificates for Preferred Stock to a Person other than the registered holder of the applicable Right Certificate, and prior to any such transfer, issuance or delivery any such tax or other governmental charge shall have been paid by the holder of such Right Certificate or it shall have been established to the Company's satisfaction that no such tax or other governmental charge is due.

Section 10. Preferred Stock Record Date. Each Person (other than the Company) in whose name any certificate for Preferred Stock is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of such Preferred Stock represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any transfer taxes or other governmental charges) was made; provided that if the date of such surrender and payment is a date upon which the transfer books of the Company relating

to the Preferred Stock are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the applicable transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a stockholder of the Company with respect to shares for which the Rights shall be exercisable, including the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company except as provided herein.

Section 11. Adjustment of Purchase Price, Number and Kind of Shares or Number of Rights. (a)(i) If the Company shall at any time after the date of this Agreement (A) pay a dividend on the Preferred Stock payable in shares of Preferred Stock, (B) subdivide the outstanding Preferred Stock into a greater number of shares, (C) combine the outstanding Preferred Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger involving the Company), the Purchase Price in effect immediately prior to the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preferred Stock or other capital stock issuable on such date shall be proportionately adjusted so that each holder of a Right shall (except as otherwise provided herein, including Section 7(d)) thereafter be entitled to receive, upon exercise thereof at the Purchase Price in effect immediately prior to such date, the aggregate number and kind of shares of Preferred Stock or other capital stock, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the applicable transfer books of the Company were open, such holder would have been entitled to receive upon such exercise and by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which requires an adjustment under both this Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) If any Person, alone or together with its Affiliates and Associates, shall, at any time after the date of this Agreement, become an Acquiring Person, then proper provision shall promptly be made so that each holder of a Right shall (except as otherwise provided herein, including Section 7(d)) thereafter be entitled to receive, upon exercise thereof at the Purchase Price in effect immediately

prior to the first occurrence of a Section 11(a)(ii) Event, in lieu of Preferred Stock, such number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock of the Company (such shares being referred to herein as the "Adjustment Shares") as shall be equal to the result obtained by dividing

(x) the product obtained by multiplying the Purchase Price in effect immediately prior to the first occurrence of a Section 11(a)(ii) Event by the number of one one-thousandths of a share of Preferred Stock for which a Right was exercisable immediately prior to such first occurrence (such product being thereafter referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by

(y) 50% of the current market price (determined pursuant to Section 11(d)(i)) per share of Common Stock on the date of such first occurrence;

provided that if the transaction that would otherwise give rise to the foregoing adjustment is also subject to the provisions of Section 13, then only the provisions of Section 13 shall apply and no adjustment shall be made pursuant to this Section 11(a)(ii).

(iii) If the number of shares of Common Stock which are authorized by the Company's certificate of incorporation but not outstanding or reserved for issuance other than upon exercise of the Rights is not sufficient to permit the exercise in full of the Rights in accordance with Section 11(a)(ii), the Company shall, with respect to each Right, make adequate provision to substitute for the Adjustment Shares, upon payment of the Purchase Price then in effect, (A) (to the extent available) Common Stock and then, (B) (to the extent available) other equity securities of the Company which a majority of the Continuing Directors has determined to be essentially equivalent to shares of Common Stock in respect to dividend, liquidation and voting rights (such securities being referred to herein as "common stock equivalents") and then, if necessary, (C) other equity or debt securities of the Company, cash or other assets, a reduction in the Purchase Price or any combination of the foregoing, having an aggregate value (as determined by the Continuing Directors based upon the advice of a nationally recognized investment banking firm selected by the Continuing Directors) equal to the value of the Adjustment Shares; provided that (x) the Company may, and (y) if the Company shall not have made adequate provision as required above to deliver value within 30 days following the later of the first occurrence of a Section 11(a)(ii) Event and the first date that the right to redeem the Rights pursuant to Section 23 shall expire, then the Company shall be obligated

to, deliver, upon the surrender for exercise of a Right and without requiring payment of the Purchase Price, (1) (to the extent available) Common Stock and then (2) (to the extent available) common stock equivalents and then, if necessary, (3) other equity or debt securities of the Company, cash or other assets or any combination of the foregoing, having an aggregate value (as determined by the Continuing Directors based upon the advice of a nationally recognized investment banking firm selected by the Continuing Directors) equal to the excess of the value of the Adjustment Shares over the Purchase Price. If the Continuing Directors of the Company shall determine in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights, the 30 day period set forth above (such period, as it may be extended, being referred to herein as the "Substitution Period") may be extended to the extent necessary, but not more than 90 days following the first occurrence of a Section 11(a)(ii) Event, in order that the Company may seek stockholder approval for the authorization of such additional shares. To the extent that the Company determines that some action is to be taken pursuant to the first and/or second sentence of this Section 11(a)(iii), the Company (X) shall provide, subject to Section 7(d), that such action shall apply uniformly to all outstanding Rights and (Y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form and value of any consideration to be delivered as referred to in such first and/or second sentence. If any such suspension occurs, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. For purposes of this

Section 11(a)(iii), the value of the Common Stock shall be the current market price per share of Common Stock (as determined pursuant to Section

11(d)) on the later of the date of the first occurrence of a Section

11(a)(ii) Event and the first date that the right to redeem the Rights pursuant to Section 23 shall expire; any common stock equivalent shall be deemed to have the same value as the Common Stock on such date; and the value of other securities or assets shall be determined pursuant to Section

11(d)(iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Preferred Stock (or securities having the same rights, privileges and preferences as the shares of Preferred Stock ("equivalent preferred stock")) or securities convertible into or exercisable for Preferred Stock (or equivalent preferred stock) at a price per share of Preferred

Stock (or equivalent preferred stock) (in each case, taking account of any conversion or exercise price) less than the current market price (as determined pursuant to Section 11(d)) per share of Preferred Stock on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such date by a fraction, the numerator of which shall be the number of shares of Preferred Stock outstanding on such record date, plus the number of shares of Preferred Stock which the aggregate price (taking account of any conversion or exercise price) of the total number of shares of Preferred Stock (and/or equivalent preferred stock) so to be offered would purchase at such current market price and the denominator of which shall be the number of shares of Preferred Stock outstanding on such record date plus the number of additional shares of Preferred Stock (and/or equivalent preferred stock) so to be offered. In case such subscription price may be paid by delivery of consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. Shares of Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, and if such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of Preferred Stock (including any such distribution made in connection with a consolidation or merger involving the Company) of evidences of indebtedness, equity securities other than Preferred Stock, assets (other than a regular periodic cash dividend out of the earnings or retained earnings of the Company) or rights, options or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the current market price (as determined pursuant to Section 11(d)) per share of Preferred Stock on such record date, less the value (as determined pursuant to Section 11(d)(iii)) of such evidences of indebtedness, equity securities, assets, rights, options or warrants so to be distributed with respect to one share of Preferred Stock and the denominator of which shall be such current market price

per share of Preferred Stock. Such adjustment shall be made successively whenever such a record date is fixed, and if such distribution is not so made, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d)(i) For the purpose of any computation hereunder other than computations made pursuant to Section 11(a)(iii) or 14, the "current market price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 30 consecutive Trading Days immediately prior to such date; for purposes of computations made pursuant to Section 11(a)(iii), the "current market price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 10 consecutive Trading Days immediately following such date; and for purposes of computations made pursuant to Section 14, the "current market price" per share of Common Stock for any Trading Day shall be deemed to be the closing price per share of Common Stock for such Trading Day; provided that if the current market price per share of the Common Stock is determined during a period following the announcement by the issuer of such Common Stock of (A) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities exercisable for or convertible into shares of such Common Stock (other than the Rights), or (B) any subdivision, combination or reclassification of such Common Stock, and prior to the expiration of the requisite 30 Trading Day or 10 Trading Day period, as set forth above, after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the "current market price" shall be properly adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of Common Stock are not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use or, if on any such date the shares of Common Stock are not quoted by any

such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors of the Company, or, if at the time of such selection there is an Acquiring Person, by a majority of the Continuing Directors. If on any such date no market maker is making a market in the Common Stock, the fair value of such shares on such date as determined in good faith by the Board of Directors of the Company (or, if at the time of such determination there is an Acquiring Person, by a majority of the Continuing Directors) shall be used. If the Common Stock is not publicly held or not so listed or traded, the "current market price" per share means the fair value per share as determined in good faith by the Board of Directors of the Company, or, if at the time of such determination there is an Acquiring Person, by a majority of the Continuing Directors, or if there are no Continuing Directors, by a nationally recognized investment banking firm selected by the Board of Directors, which determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(ii) For the purpose of any computation hereunder, the "current market price" per share of Preferred Stock shall be determined in the same manner as set forth above for the Common Stock in Section 11(d)(i) (other than the last sentence thereof). If the current market price per share of Preferred Stock cannot be determined in such manner, the "current market price" per share of Preferred Stock shall be conclusively deemed to be an amount equal to 1000 (as such number may be appropriately adjusted for such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock occurring after the date of this Agreement) multiplied by the current market price per share of Common Stock (as determined pursuant to Section 11(d)(i) (other than the last sentence thereof)). If neither the Common Stock nor the Preferred Stock is publicly held or so listed or traded, the "current market price" per share of the Preferred Stock shall be determined in the same manner as set forth in the last sentence of Section 11(d)(i). For all purposes of this Agreement, the "current market price" of one one-thousandth of a share of Preferred Stock shall be equal to the "current market price" of one share of Preferred Stock divided by 1000.

(iii) For the purpose of any computation hereunder, the value of any securities or assets other than Common Stock or Preferred Stock shall be the fair value as determined in good faith by the Board of Directors of the Company, or, if at the time of such determination there is an Acquiring Person, by a majority of the Continuing

Directors then in office, or, if there are no Continuing Directors, by a nationally recognized investment banking firm selected by the Board of Directors, which determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or other share or ten-millionth of a share of Preferred Stock, as the case may be.

(f) If at any time, as a result of an adjustment made pursuant to Section 11(a)(ii) or Section 13(a), the holder of any Right shall be entitled to receive upon exercise of such Right any shares of capital stock other than Preferred Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Stock contained in Section 11(a), (b), (c), (e), (g), (h), (i), (j), (k) and (m), and the provisions of Sections 7, 9, 10, 13 and 14 with respect to the Preferred Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made hereunder shall evidence the right to purchase, at the Purchase Price then in effect, the then applicable number of one one-thousandths of a share of Preferred Stock and other capital stock of the Company issuable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-thousandths of a share of Preferred Stock (calculated to the nearest ten-millionth) obtained by (i) multiplying

(x) the number of one one-thousandths of a share for which a Right was exercisable immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and

(ii) dividing the product so obtained by



the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in lieu of any adjustment in the number of one one-thousandths of a share of Preferred Stock issuable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-thousandths of a share of Preferred Stock for which such Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-thousandths of a share of Preferred Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per one one-thousandth of a share and the number of shares which

were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the par value, if any, of the number of one one-thousandths of a share of Preferred Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable such number of one one-thousandths of a share of Preferred Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of one one-thousandths of a share of Preferred Stock or other capital stock of the Company, if any, issuable upon such exercise over and above the number of one one-thousandths of a share of Preferred Stock or other capital stock of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it, in its sole discretion, shall determine to be advisable in order that any consolidation or subdivision of the Preferred Stock, issuance wholly for cash of any Preferred Stock at less than the current market price, issuance wholly for cash of Preferred Stock or securities which by their terms are convertible into or exercisable for Preferred Stock, stock dividends or issuance of rights, options or warrants referred to in this Section 11, hereafter made by the Company to the holders of its Preferred Stock, shall not be taxable to such stockholders.

(n) The Company covenants and agrees that it will not at any time after the Distribution Date (i) consolidate, merge or otherwise combine with or (ii) sell or otherwise transfer (and/or permit any of its Subsidiaries to sell or otherwise transfer), in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries, taken as a whole, to any other Person

or Persons if (x) at the time of or immediately after such consolidation, merger, combination or sale there are any rights, warrants or other instruments or securities outstanding or any agreements or arrangements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, merger, combination or sale, the stockholders of a Person who constitutes, or would constitute, the "Principal Party" for the purposes of Section 13 shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates.

(o) The Company covenants and agrees that after the Distribution Date, it will not, except as permitted by Sections 23, 24 and 27, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

(p) Notwithstanding anything in this Agreement to the contrary, if at any time after the date hereof and prior to the Distribution Date the Company shall (i) pay a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a larger number of shares or

(iii) combine the outstanding Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter as contemplated by Section

3(c), shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Sections 11 and 13, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock and the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate (or, if prior to the Distribution Date, to each holder of a certificate representing shares of Common Stock) in the

manner set forth in Section 26. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power. (a) If, following the Stock Acquisition Date, directly or indirectly,

(x) the Company shall consolidate with, merge into, or otherwise combine with, any other Person, and the Company shall not be the continuing or surviving corporation of such consolidation, merger or combination,

(y) any Person shall merge into, or otherwise combine with, the Company, and the Company shall be the continuing or surviving corporation of such merger or combination and, in connection with such merger or combination, all or part of the outstanding shares of Common Stock shall be changed into or exchanged for other stock or securities of the Company or any other Person, cash or any other property, or

(z) the Company and/or one or more of its Subsidiaries shall sell or otherwise transfer, in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries, taken as a whole, to any other Person or Persons,

then, and in each such case, proper provision shall promptly be made so that

(1) each holder of a Right shall thereafter be entitled to receive, upon exercise thereof at the Purchase Price in effect immediately prior to the first occurrence of any Triggering Event, such number of duly authorized, validly issued, fully paid and nonassessable shares of freely tradeable Common Stock of the Principal Party (as hereinafter defined), not subject to any rights of call or first refusal, liens, encumbrances or other claims, as shall be equal to the result obtained by dividing

(A) the product obtained by multiplying the Purchase Price in effect immediately prior to the first occurrence of any Triggering Event by the number of one one-thousandths of a share of Preferred Stock for which a Right was exercisable immediately prior to such first occurrence (such product being thereafter referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by

(B) 50% of the current market price (determined pursuant to Section 11(d)(i)) per share of the Common Stock of such Principal Party on the date of consummation of such consolidation, merger, combination, sale or transfer;

(2) the Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, combination, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement;

(3) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 shall apply only to such Principal Party following the first occurrence of a Section 13 Event; and

(4) such Principal Party shall take such steps (including the authorization and reservation of a sufficient number of shares of its Common Stock to permit exercise of all outstanding Rights in accordance with this Section 13(a)) in connection with the consummation of any such transaction as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights.

(b) "Principal Party" means

(i) in the case of any transaction described in Section 13(a)(x) or (y), the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted in such merger, consolidation or combination, and if no securities are so issued, the Person that survives or results from such merger, consolidation or combination; and

(ii) in the case of any transaction described in Section 13(a)(z), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions;

provided that in any such case, (A) if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, "Principal Party" shall refer to such other Person; and (B) in case such Person is a Subsidiary, directly or indirectly, of more

than one Person, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such Persons is the issuer of the Common Stock having the greatest aggregate market value.

(c) The Company shall not consummate any such consolidation, merger, combination, sale or transfer unless the Principal Party shall have a sufficient number of authorized shares of its Common Stock which are not outstanding or otherwise reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing for the terms set forth in Section 13(a) and (b) and providing that, as soon as practicable after the date of any consolidation, merger, combination, sale or transfer mentioned in Section 13(a), the Principal Party will

(i) prepare and file a registration statement under the Securities Act with respect to the securities issuable upon exercise of the Rights, and will use its best efforts to cause such registration statement (A) to become effective as soon as practicable after such filing and (B) to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date and

(ii) deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all respects with the requirements for registration on Form 10 under the Exchange Act.

The provisions of this Section 13 shall similarly apply to successive mergers, consolidations, combinations, sales or other transfers. If any Section 13 Event shall occur at any time after the occurrence of a Section

11(a)(ii) Event, the Rights which have not theretofore been exercised shall thereafter become exercisable in the manner described in Section 13(a).

Section 14. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights, except prior to the Distribution Date as provided in Section 11(p), or to distribute Right Certificates which evidence fractional Rights. In lieu of any such fractional Rights, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable an amount in cash equal to the same fraction of the current market price of a whole Right. For purposes of this Section 14(a), the current market price of a whole Right shall be

the closing price of a Right for the Trading Day immediately prior to the date on which such fractional Rights would otherwise have been issuable. The closing price of a Right for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company, or, if at the time of such selection there is an Acquiring Person, by a majority of the Continuing Directors. If on any such date no such market maker is making a market in the Rights, the current market price of the Rights on such date shall be as determined in good faith by the Board of Directors of the Company, or, if at the time of such determination there is an Acquiring Person, by a majority of the Continuing Directors.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are multiples of one one-thousandth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock (other than fractions which are multiples of one one-thousandth of a share of Preferred Stock). In lieu of any such fractional shares of Preferred Stock, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market price of one one-thousandth of a share of Preferred Stock. For purposes of this Section 14(b), the current market price of one one-thousandth of a share of Preferred Stock shall be one one-thousandth of the closing price of a share of Preferred Stock (as determined pursuant to Section 11(d)) for the Trading Day immediately prior to the date of such exercise.

(c) Following the occurrence of any Triggering Event or upon any exchange pursuant to Section 24, the Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute

certificates which evidence fractional shares of Common Stock. In lieu of fractional shares of Common Stock, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised or exchanged as herein provided an amount in cash equal to the same fraction of the current market price of a share of Common Stock. For purposes of this Section 14(c), the current market price of a share of Common Stock shall be the closing price of a share of Common Stock (as determined pursuant to Section 11(d)(i)) for the Trading Day immediately prior to the date of such exercise or exchange.

(d) The holder of a Right by the acceptance of the Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right except as permitted by this Section 14.

Section 15. Rights of Action. All rights of action in respect of this Agreement are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of certificates representing Common Stock); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of any certificate representing Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of any certificate representing Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office or



offices of the Rights Agent designated for such purposes, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates fully executed;

(c) subject to Sections 6 and 7, the Company and the Rights Agent may deem and treat the Person in whose name a Right Certificate (or, prior to the Distribution Date, a certificate representing shares of Common Stock) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificate or the certificate representing shares of Common Stock made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent, subject to the last sentence of Section 7(d), shall be affected by any notice to the contrary; and

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; provided that the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the shares of capital stock which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. (a) The Company agrees to pay to the Rights Agent such

compensation as shall be agreed to in writing between the Company and the Rights Agent for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees, expenses and disbursements and other disbursements incurred in the execution or administration of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the administration of this Agreement or the exercise or performance of its duties hereunder, including the costs and expenses of defending against any claim of liability. The provisions of this Section 18(a) shall survive the expiration of the Rights and the termination of this Agreement.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with the administration of this Agreement or the exercise or performance of its duties hereunder in reliance upon any Right Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, opinion, instruction, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed and executed by the proper Person or Persons.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of a predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may

countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any "Acquiring Person" and the determination of "current market price") be proved or established by the Company prior to taking, suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chairman of the Board, the President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken, suffered or omitted in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 7(d)) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Sections 3, 11, 13, 23 or 24, or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock or Preferred Stock to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Common Stock or Preferred Stock will, when issued, be duly authorized, validly issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, the President or any Vice President or the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with instructions of any such officer.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the

Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or to any holders of Rights resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the cases may be, has either not been completed or indicates an affirmative response to clause 1 or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Stock and Preferred Stock by registered or certified mail, and, subsequent to the Distribution Date, to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock and Preferred Stock by registered or certified mail, and, subsequent to the Distribution Date, to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company

shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be

(a) a corporation organized and doing business under the laws of the United States or of any state of the United States, in good standing, having a principal office in the State of New York, which is authorized under such laws to exercise stock transfer or corporate trust powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000 or (b) an Affiliate of a corporation described in clause (a) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock and the Preferred Stock, and, subsequent to the Distribution Date, mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

#### Section 22. Issuance of New Right Certificates.

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares of stock issuable upon exercise of the Rights made in accordance with the provisions of this Agreement.

Section 23. Redemption. (a) The Board of Directors of the Company may, at its option, at any time prior to the earlier of (i) the close of business on the tenth day after the Stock Acquisition Date (or such later

date as a majority of the Continuing Directors may designate prior to such time as the Rights are no longer redeemable) and (ii) the Final Expiration Date, redeem all but not less than all the then outstanding Rights at a redemption price of \$.01 per Right, as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"); provided that after any Person has become an Acquiring Person, any redemption of the Rights shall be effective only if there are Continuing Directors then in office, and such redemption shall have been approved by a majority of such Continuing Directors. Notwithstanding anything in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Section 11(a)(ii) Event until such time as the Company's right of redemption hereunder has expired.

(b) Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights and without any further action and without any notice, the right to exercise the Rights will terminate and thereafter the only right of the holders of Rights shall be to receive the Redemption Price for each Right so held. The Company shall promptly thereafter give notice of such redemption to the Rights Agent and the holders of the Rights in the manner set forth in Section 26; provided that the failure to give, or any defect in, such notice shall not affect the validity of such redemption. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in Section 23 or 24, and other than in connection with the purchase, acquisition or redemption of shares of Common Stock prior to the Distribution Date.

Section 24. Exchange. (a) At any time after any Person becomes an Acquiring Person, a majority of the Continuing Directors may, at their option, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to Section 7(d)) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after any Person (other than the Company, any of its Subsidiaries, any employee benefit plan of the Company

or any of its Subsidiaries or any Person organized, appointed or established by the Company or any of its Subsidiaries for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the shares of Common Stock then outstanding.

(b) Immediately upon the action of the Continuing Directors electing to exchange any Rights pursuant to Section 24(a) and without any further action and without any notice, the right to exercise such Rights will terminate and thereafter the only right of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly thereafter give notice of such exchange to the Rights Agent and the holders of the Rights to be exchanged in the manner set forth in Section 26; provided that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to Section 7(d)) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute common stock equivalents (as defined in Section 11(a)(iii)) for shares of Common Stock exchangeable for Rights, at the initial rate of one common stock equivalent for each share of Common Stock, as appropriately adjusted to reflect adjustments in dividend, liquidation and voting rights of common stock equivalents pursuant to the terms thereof, so that each common stock equivalent delivered in lieu of each share of Common Stock shall have essentially the same dividend, liquidation and voting rights as one share of Common Stock.

Section 25. Notice of Proposed Actions. (a) In case the Company shall propose, at any time after the Distribution Date, (i) to pay any dividend payable in stock of any class to the holders of Preferred Stock or to make any other distribution to the holders of Preferred Stock (other than a regular quarterly cash dividend out of earnings or retained earnings of the Company), or (ii) to offer to the holders of its Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities, rights or options, or (iii) to effect



any reclassification of its Preferred Stock (other than a reclassification involving only the subdivision or combination of outstanding shares of Preferred Stock) or (iv) to effect any consolidation or merger with any other Person, or to effect and/or to permit one or more of its Subsidiaries to effect any sale or other transfer, in one transaction or a series of related transactions, of assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries, taken as a whole, to any other Person or Persons, or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Right, to the extent feasible and in accordance with Section 26, a notice of such proposed action, which shall specify the record date for the purposes of any such dividend, distribution or offering of rights or warrants, or the date on which any such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 20 days prior to the record date for determining holders of the Preferred Stock entitled to participate in such dividend, distribution or offering, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Preferred Stock, whichever shall be the earlier. The failure to give notice required by this Section or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) Notwithstanding anything in this Agreement to the contrary, prior to the Distribution Date a public filing by the Company with the Securities and Exchange Commission shall constitute sufficient notice to the holders of securities of the Company, including the Rights, for purposes of this Agreement and no other notice need be given to such holders.

(c) If a Triggering Event shall occur, then, in any such case,

(1) the Company shall as soon as practicable thereafter give to each holder of a Right, in accordance with Section 26, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) or 13, as the case may be, and

(2) all references in Section 25(a) to Preferred Stock shall be deemed thereafter to refer to Common Stock or other capital stock, as the case may be.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the

Rights Agent or by the holder of any Right to or on the Company shall be sufficiently given or made if sent by first-class mail (postage prepaid) to the address of the Company indicated on the signature page hereof or such other address as the Company shall specify in writing to the Rights Agent. Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail (postage prepaid) to the address of the Rights Agent indicated on the signature page hereof or such other address as the Rights Agent shall specify in writing to the Company. Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate (or, prior to the Distribution Date, to the holder of any certificate representing shares of Common Stock) shall be sufficiently given or made if sent by first-class mail (postage prepaid) to the address of such holder shown on the registry books of the Company.

Section 27. Supplements and Amendments. Prior to the Distribution Date, the Company and the Rights Agent shall, if the Company so directs, supplement or amend any provision of this Agreement without the approval of any holders of certificates representing shares of Common Stock. From and after the Distribution Date, the Company and the Rights Agent shall, if the Company so directs, supplement or amend this Agreement without the approval of any holders of Right Certificates in order (a) to cure any ambiguity, (b) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or (c) to change or supplement the provisions hereof in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Rights (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person). Notwithstanding the foregoing, after any Person has become an Acquiring Person, any supplement or amendment shall be effective only if there are Continuing Directors then in office, and such supplement or amendment shall have been approved by a majority of such Continuing Directors. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section, the Rights Agent shall execute such supplement or amendment. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Stock.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the

Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Determinations and Actions by the Board of Directors, etc. For all purposes of this Agreement, any calculation of the number of shares of Common Stock outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Common Stock of which any Person is the Beneficial Owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) under the Exchange Act as in effect on the date of this Agreement. The Board of Directors of the Company (or, after any Person has become an Acquiring Person, a majority of the Continuing Directors) shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board or to the Company, or as may be necessary or advisable in the administration of this Agreement, including the right and power to (i) interpret the provisions of this Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or exchange or not to redeem or exchange the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Board (or, after any Person has become an Acquiring Person, by the Continuing Directors) in good faith shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject the Board of Directors of the Company or the Continuing Directors to any liability to the holders of the Rights.

Section 30. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the certificates representing the shares of Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the certificates representing the shares of Common Stock).

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this

Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided that, notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors of the Company (or, after any Person has become an Acquiring Person, a majority of the Continuing Directors) determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement, the right of redemption set forth in Section 23 hereof shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors or Continuing Directors, as the case may be.

Section 32. Governing Law. This Agreement, each Right and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State, except that the rights and obligations of the Rights Agent shall be governed by the law of the State of New York.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 34. Descriptive Headings. The captions herein are included for convenience of reference only, do not constitute a part of this Agreement and shall be ignored in the construction and interpretation hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**MASCO CORPORATION**

*By: /s/Eugene A. Gargaro, Jr.  
Name: Eugene A. Gargaro,  
Jr.  
Title: Vice President*

21001 Van Born Road Taylor, Michigan 48180 Attention:

**THE BANK OF NEW YORK**

*By: /s/John I. Sivertsen  
Name: John I.  
Sivertsen  
Title: Vice President*

101 Barclay Street New York, New York 10286 Attention: Stock Transfer Administration

**Exhibit A**

**FORM OF  
CERTIFICATE OF DESIGNATION  
OF  
SERIES A PARTICIPATING CUMULATIVE  
PREFERRED STOCK**

**OF**

**MASCO CORPORATION**

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

We, \_\_\_\_\_, [Title], and \_\_\_\_\_, [Title], of Masco Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware ("Delaware Law"), in accordance with the provisions thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors on December 6, 1995, adopted the following resolution creating a series of Preferred Stock in the amount and having the designation, voting powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof as follows:

Section 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), and the number of shares constituting such series shall be 175,106. Such number of shares of the Series A Preferred Stock may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares issuable upon

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exercise or conversion of outstanding rights, options or other securities issued by the Corporation.

## Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable on February 15, May 15, August 15 and November 15 of each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of any share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 and (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends or other distributions and 1,000 times the aggregate per share amount of all non-cash dividends or other distributions (other than (i) a dividend payable in shares of Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") or (ii) a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. If the Corporation shall at any time after December 6, 1995 (the "Rights Declaration Date") pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than as described in clauses (i) and (ii) of the first sentence of paragraph (A)); provided that if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date (or, with respect

to the first Quarterly Dividend Payment Date, the period between the first issuance of any share or fraction of a share of Series A Preferred Stock and such first Quarterly Dividend Payment Date), a dividend of \$1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is on or before the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue and be cumulative from the date of issue of such shares, or unless the date of issue is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and on or before such Quarterly Dividend Payment Date, in which case dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall not be more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of stockholders of the Corporation. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of



Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as a single class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock and any other series of Preferred Stock then entitled as a class to elect directors, voting together as a single class, irrespective of series, shall have the right to elect two Directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of 10% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of holders of Common Stock shall not affect the exercise by holders of Preferred Stock of such voting right. At any meeting at which holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two Directors or, if such right is exercised at an annual meeting, to elect two Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number

of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

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(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the certificate of incorporation or bylaws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the certificate of incorporation or bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) The Certificate of Incorporation of the Corporation shall not be amended in any manner (whether by merger or otherwise) so as to adversely affect the powers, preferences or special rights of the Series A Preferred Stock without the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class.

(E) Except as otherwise provided herein, holders of Series A Preferred Stock shall have no special voting rights, and their consent shall not be required for taking any corporate action.

#### Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on outstanding shares of Series A Preferred Stock shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such other parity stock on which dividends are payable or in arrears in proportion

to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem, purchase or otherwise acquire for value any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem, purchase or otherwise acquire for value any shares of Series A Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Preferred Stock and all such other parity stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for value any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock without designation as to series and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors as permitted by the Certificate of Incorporation or as otherwise permitted under Delaware Law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the

holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment; provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such other parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. If the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash or any other property, as the case may be, into which or for which each share of Common Stock is changed or exchanged. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of

Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank junior (as to dividends and upon liquidation, dissolution and winding up) to all other series of the Corporation's preferred stock except any series that specifically provides that such series shall rank junior to the Series A Preferred Stock.

Section 10. Fractional Shares. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate this \_\_ day of December, 1995.

[Title]

**Attest:**

[Title]

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**Exhibit B**

[Form of Right Certificate]

No. R- \_\_\_\_\_ Rights

**NOT EXERCISABLE AFTER THE EARLIER OF DECEMBER 6, 2005 AND THE DATE ON WHICH THE RIGHTS EVIDENCED HEREBY ARE REDEEMED OR EXCHANGED BY THE COMPANY AS SET FORTH IN THE RIGHTS AGREEMENT. AS SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS ISSUED TO, OR HELD BY, ANY PERSON WHO IS, WAS OR BECOMES AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE THEREOF (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT), WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR BY ANY SUBSEQUENT HOLDER, MAY BE NULL AND VOID.**

**[THE RIGHTS**

**REPRESENTED BY THIS RIGHT CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN AFFILIATE OR AN ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BE OR MAY BECOME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(d) OF THE RIGHTS AGREEMENT.]**[2]

**RIGHT CERTIFICATE**

**MASCO CORPORATION**

This Right Certificate certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the holder (upon the terms and subject to the conditions set forth in the Rights Agreement dated as of December 6, 1995 (the "Rights Agreement") between Masco Corporation, a Delaware corporation (the "Company"), and The Bank of New York (the "Rights Agent")) to purchase from the Company, at any time after the Distribution Date and prior to the Expiration Date, \_\_\_ one-thousandth[s] of a fully paid, nonassessable share of Series A Participating Cumulative Preferred Stock (the

[2] If applicable, insert this portion of the legend and delete the preceding sentence.

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"Preferred Stock") of the Company at a purchase price of \$100.00 per one one-thousandth of a share (the "Purchase Price"), payable in lawful money of the United States of America, upon surrender of this Right Certificate, with the form of election to purchase and related certificate duly executed, and payment of the Purchase Price at an office of the Rights Agent designated for such purpose.

Terms used herein and not otherwise defined herein have the meanings assigned to them in the Rights Agreement.

The number of Rights evidenced by this Right Certificate (and the number and kind of shares issuable upon exercise of each Right) and the Purchase Price set forth above are as of December 18, 1995, and may have been or in the future be adjusted as a result of the occurrence of certain events, as more fully provided in the Rights Agreement.

Upon the occurrence of a Section 11(a)(ii) Event, if the Rights evidenced by this Right Certificate are beneficially owned by (a) an Acquiring Person or an Associate or Affiliate of an Acquiring Person, (b) a transferee of an Acquiring Person (or any such Associate or Affiliate) who becomes a transferee after the Acquiring Person becomes such, or (c) under certain circumstances specified in the Rights Agreement, a transferee of an Acquiring Person (or any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such, such Rights shall become null and void, and no holder hereof shall have any right with respect to such Rights from and after the occurrence of such Section 11(a)(ii) Event.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates, which limitations of rights include the temporary suspension of the exercisability of such Rights under the specific circumstances set forth in the Rights Agreement.

Upon surrender at the principal office or offices of the Rights Agent designated for such purpose and subject to the terms and conditions set forth in the Rights Agreement, any Rights Certificate or Certificates may be transferred or exchanged for another Rights Certificate or

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Certificates evidencing a like number of Rights as the Rights Certificate or Certificates surrendered.

Subject to the provisions of the Rights Agreement, the Board of Directors of the Company may, at its option,

(a) at any time prior to the earlier of (i) the close of business on the tenth day after the Stock Acquisition Date (or such later date as a majority of the Continuing Directors may designate prior to such time as the Rights are no longer redeemable) and (ii) the Final Expiration Date, redeem all but not less than all the then outstanding Rights at a redemption price of \$.01 per Right; or

(b) at any time after any Person becomes an Acquiring Person (but before such Person becomes the Beneficial Owner of 50% or more of the shares of Common Stock then outstanding), exchange all or part of the then outstanding Rights (other than Rights held by the Acquiring Person and certain related Persons) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right. If the Rights shall be exchanged in part, the holder of this Right Certificate shall be entitled to receive upon surrender hereof another Right Certificate or Certificates for the number of whole Rights not exchanged.

No fractional shares of Preferred Stock are required to be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Certificates for the number of whole Rights not exercised.

No holder of this Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the shares of capital stock which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive

dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by an authorized signatory of the Rights Agent.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal by its authorized officers.

**Dated as of** \_\_\_\_\_, 19\_\_

**MASCO CORPORATION**

By \_\_\_\_\_  
Title:

[SEAL]

**Attest:**

**Secretary**

**Countersigned:**

**THE BANK OF NEW YORK,  
as Rights Agent**

By \_\_\_\_\_  
Authorized Signature

**Date of Countersignature:**

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**Form of Reverse Side of Right Certificate**

**FORM OF ASSIGNMENT**

(To be executed if the registered holder  
desires to transfer the Right Certificate.)

**FOR VALUE RECEIVED** \_\_\_\_\_

hereby sells, assigns and transfers unto \_\_\_\_\_

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint  
\_\_\_\_\_ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of  
substitution.

Dated: \_\_\_\_\_, 19\_\_

**Signature**

**Signature Guaranteed:**

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## Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate \_\_\_are \_\_\_are not being assigned by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it \_\_\_did \_\_\_did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: \_\_\_\_\_, 19\_\_ \_\_\_\_\_ Signature

The signatures to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

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**FORM OF ELECTION TO PURCHASE**

(To be executed if the registered holder desires to exercise Rights represented by the Right Certificate.)

To: Masco Corporation

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ Rights represented by this Right Certificate to purchase shares of Preferred Stock issuable upon the exercise of the Rights (or such other securities of the Company or of any other person which may be issuable upon the exercise of the Rights) and requests that certificates for such securities be issued in the name of and delivered to:

Please insert social security  
or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Please insert social security  
or other identifying number

(Please print name and address)

Dated: \_\_\_\_\_, 19\_\_

**Signature**

**Signature Guaranteed:**

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**Certificate**

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate \_\_\_are \_\_\_are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it \_\_\_did \_\_\_did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: \_\_\_\_\_, 19 \_\_\_\_  
\_\_\_\_\_

Signature

\_\_\_\_\_

The signature to the foregoing Election to Purchase and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

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Exhibit C

MASCO CORPORATION  
STOCKHOLDER RIGHTS PLAN

Summary of Terms

Form of Security: declared	The Board of Directors has
outstanding	a dividend of one preferred stock purchase right for each
record	share of the Company's Common Stock, payable to holders of
	as of the close of business on December 18, 1995 (each a "Right" and collectively, the "Rights")
Transfer:	Prior to the Distribution Date[3],
the	the Rights will be evidenced by
	certificates for and will be

[3] "Distribution Date" means the earlier of:

(1) the 10th day after public announcement that any person or group has become the beneficial owner of 15% or more of the Company's Common Stock and

(2) the 10th business day after the date of the commencement of a tender or exchange offer by any person which would, if consummated, result in such person becoming the beneficial owner of 15% or more of the Company's Common Stock,

in each case, subject to extension by a majority of the Continuing Directors.

"Continuing Director" means any member of the Board of Directors who was a member of the Board prior to the time an Acquiring Person (as defined below) becomes such or any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors. Continuing Directors do not include an Acquiring Person, an affiliate or associate of any Acquiring Person or any representative or nominee of the foregoing.

transferred with the Common Stock, and the registered holders of the Common Stock will be deemed to be the registered holders of the Rights.

After the Distribution Date, the Rights Agent will mail separate certificates evidencing the Rights to each record holder of the

Common

Stock as of the close of business on the Distribution Date, and thereafter the Rights will be transferable separately from the Common Stock.

Exercise:  
the

Prior to the Distribution Date, Rights will not be exercisable.

After the Distribution Date, each Right will be exercisable to purchase, for \$100.00 (the "Purchase Price"), one one-thousandth of a share of

Series

A Participating Cumulative Preferred Stock, par value 1.00

per

share, of the Company.

Flip-In:

If any person or group (an "Acquiring Person") becomes the beneficial owner of 15% or more of the Company's Common Stock, then each Right (other than Rights beneficially owned by the

Acquiring

Person and certain affiliated persons) will entitle the holder

to

purchase, for the Purchase Price,

a

number of shares of the Company's Common Stock having a market value of twice the Purchase Price.

Flip-Over:

If, after any person has become an Acquiring Person, (1) the Company is involved in a merger or other business combination in which the Company is not the surviving corporation or its Common Stock is exchanged for other securities or assets or (2) the Company and/or one or more of its subsidiaries sell or otherwise transfer assets or earning power aggregating more than 50% of the assets or earning power of the Company and its subsidiaries, taken as a whole, then each Right will





entitle the holder to purchase,  
for the Purchase Price, a number of  
other shares of common stock of the  
party to such business combination  
or sale (or in certain  
having circumstances, an affiliate)  
a market value of twice the  
Purchase Price.

Exchange: At any time after any person has  
become an Acquiring Person (but  
before any person becomes the  
beneficial owner of 50% or more of  
the Company's Common Stock), a  
majority of the Continuing  
Directors may exchange all or part  
of the Rights (other than the  
Rights beneficially owned by the  
Acquiring Person and certain  
affiliated persons) for shares of  
Common Stock at an exchange ratio  
of one share of Common Stock per  
Right.

Redemption: The Board of Directors may redeem  
all of the Rights at a price of  
\$.01 per Right at any time prior  
to the close of business on the 10th  
day after public announcement that  
any person has become an Acquiring  
Person (subject to extension by a  
majority of the Continuing  
Directors).

be After any person has become an  
Acquiring Person, the Rights may  
redeemed only with the approval of  
a majority of the Continuing  
Directors.

Expiration: The Rights will expire on December  
6, 2005, unless earlier exchanged  
or redeemed.

Amendments: Prior to the Distribution Date,  
the Rights Agreement may be amended in  
any respect.

adversely After the Distribution Date, the  
Rights Agreement may be amended in  
any respect that does not  
affect the Rights holders (other  
than any Acquiring Person and  
certain affiliated persons).



After any person has become an Acquiring Person, the Rights Agreement may be amended only with the approval of a majority of the Continuing Directors.

Voting Rights:

Rights holders have no rights as a stockholder of the Company, including the right to vote and to receive dividends.

Antidilution Provisions:  
to

The Rights Agreement includes antidilution provisions designed to prevent efforts to diminish the efficacy of the Rights.

Taxes:  
stockholders

While the dividend of the Rights will not be taxable to or to the Company, stockholders or the Company may, depending upon

the

circumstances, recognize taxable income in the event that the

Rights

become exercisable as set forth above.

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A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement.

**Exhibit 10.a**

**ASSUMPTION AND INDEMNIFICATION AGREEMENT**

THIS AGREEMENT is made as of May 1, 1984 between Masco Corporation, a Delaware corporation ("Masco") and Masco Industries, Inc., a Delaware corporation ("Industries"), pursuant to that certain Masco Corporation Corporate Restructuring Plan, dated as of May 1, 1984 (the "Plan").

WHEREAS, pursuant to the Plan, Masco has transferred to Industries certain assets, and Industries is required to assume the liabilities pertaining thereto.

NOW, THEREFORE, in consideration of such transfer and for other good and valuable consideration, the parties agree as follows:

1. Industries hereby agrees to assume, pay, perform, satisfy and discharge, when due, all of the obligations, liabilities and commitments of Masco and any of its subsidiaries arising out of or relating to any of the "Industries Assets" (as defined in the Plan) or any subsidiary directly or indirectly owned by a corporation included within the Industries Assets, as a result of any event, transaction, state of facts or occurrence existing or occurring on or prior to the "Transfer Date" (as defined in the Plan), whether such obligation, liability or commitment is known or unknown or fixed or contingent, and whether or not accrued or otherwise in existence at the Transfer Date. The obligations, liabilities and commitments assumed hereby include, without limitation, those:

(i) Of Masco or any of its subsidiaries arising out of or relating to the operation of the businesses included within the Industries Assets, including all accounts payable

incurred by Masco or any of its subsidiaries in respect of such businesses and all Federal income taxes on income earned by such businesses through April 30, 1984;

(ii) Of Masco or any of its subsidiaries to their respective former employees who become Industries' or its subsidiaries' employees as of the Transfer Date, including liabilities for accrued salaries and payroll deductions, obligations to employees under collective bargaining agreements and obligations under vacation, pension and other retirement, health, life insurance and benefit plans and under applicable workers' and unemployment compensation laws;

(iii) Of Masco or any of its subsidiaries existing with respect to contracts (including leases) arising out of or relating to the operation of the Industries Assets or any subsidiary directly or indirectly owned by a corporation included within the Industries Assets, to which Masco or any of its subsidiaries is a party and which Masco or any of its subsidiaries is assigning to Industries as of the Transfer Date;

(iv) Of Masco or any of its subsidiaries or their respective officers, Directors or employees consisting of claims and litigation including product liability, warranty and other claims of whatever nature, whether or not pending, threatened or otherwise in existence as of the Transfer Date arising out of or relating to any of the Industries Assets or any subsidiary directly or indirectly owned by a corporation included within the Industries Assets; and

(v) Of Industries and its subsidiaries reflected in the pro forma balance sheet of Industries as at March 31, 1984 a copy of which is attached as Exhibit 1.03(iii) to the Plan subject to such changes, if any, as have occurred subsequent to such date in the ordinary

course of business (and including accrued interest of Industries on the Subordinated Debentures, as defined in the Plan, from January 1, 1984 to the Transfer Date notwithstanding the fact that such liability did not exist prior thereto).

2. Notwithstanding the provisions of Section 1 hereof, the following obligations, liabilities and commitments of Masco and its subsidiaries arising out of or relating to the Industries Assets or subsidiaries directly or indirectly owned by a corporation included within the Industries Assets are not being assumed by Industries but shall remain with Masco:

(i) Those under the Masco 1971 and 1975 Stock Option Plans, the Masco Restricted Stock Incentive Plan and the Masco Restricted Stock (Industries) Incentive Plan (excluding unamortized cost of non-vested shares issued pursuant to either of these incentive plans which, pursuant to the Plan, is to be transferred to Industries), provided, however, that for purposes of Section 422A of the Internal Revenue Code, Industries hereby assumes the outstanding incentive stock options issued under the Masco 1975 Stock Option Plan which are held by employees of Masco or its subsidiaries who become solely employees of Industries or its subsidiaries as of the Transfer Date, which assumption shall be satisfied by delivering Masco shares received from Masco upon such a stock option exercise to the person exercising such option, and remitting option proceeds received therefor to Masco;

(ii) Those under the Masco Corporation Salaried Employees' Pension Plan to persons who, as of the Transfer Date, are retired former employees of businesses included within the Industries Assets; and

(iii) Those owing by Masco to the former stockholders of Arrow Specialty

Company and Arrow Oil Tools, Inc. for the purchase by Masco of such corporations.

3. From and after the Transfer Date the Industries Assets shall be deemed operated for the benefit of Industries and its subsidiaries and, accordingly, all liabilities, obligations and commitments of Masco or any of its subsidiaries arising out of or relating to the Industries Assets after the Transfer Date shall be the sole responsibility of Industries and its subsidiaries.

4. Industries shall indemnify, defend and hold harmless Masco and its subsidiaries, and their respective officers, Directors, employees and shareholders from, against and with respect to any claim, liability, obligation, loss, damage, assessment, judgment, cost and expense (including, without limitation, reasonable attorney's fees and costs and expenses reasonably incurred in investigating, preparing, defending against or prosecuting any litigation or claim, action, suit, proceeding or demand), of any kind or character, arising out of or in any manner incident, relating or attributable to any actual or alleged failure of Industries to pay, perform, satisfy and discharge, when due, the obligations, liabilities and commitments of Masco and its subsidiaries assumed by Industries hereunder.

5. Masco shall give Industries prompt notice of any claim for which indemnification may be sought hereunder. Except for claims relating to income taxes, Industries shall at its own expense assume the defense of such claims with counsel of its choice; provided, however, that Industries shall not be entitled to settle any claim without the prior consent of Masco if at the time Masco then owns 20 percent or more of Industries Common Stock (as defined in the Plan), which consent shall not be unreasonably withheld. Masco shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at Masco's expense. If Masco shall have reasonably concluded that there may be defenses available to it which are not available



to Industries, Industries shall not have the right to assert such different or additional defenses on behalf of Masco and the fees and expenses of Masco's own counsel shall be borne by Industries.

6. Masco shall have the right to control the defense of any claim relating to income taxes for which indemnification may be sought hereunder (whether pending on the Transfer Date or asserted thereafter), provided that Masco shall keep Industries apprised on the status thereof. Masco shall not be entitled to settle any such action without the prior consent of Industries, which consent shall not be unreasonably withheld. If any such income tax claim results in a determination that an amount previously deducted by Masco was not an allowable deduction at the time, but would be at a later time an allowable deduction by Industries, Industries shall be obligated to indemnify Masco for the entire amount of additional income tax liability related thereto plus interest assessed thereon against Masco and such indemnification shall not be diminished in any way on account of any reserves for income taxes established on the books of Masco.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

*MASCO CORPORATION*

*MASCO INDUSTRIES, INC.*

*By /s/ Wayne B. Lyon  
Manoogian  
Executive Vice President*

*By /s/ Richard A.  
President*

**Exhibit 10.c**

**CORPORATE OPPORTUNITIES AGREEMENT**

This Agreement is made as of May 1, 1984 between Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, Masco is transferring to Industries certain assets pursuant to the Masco Corporation Corporate Restructuring Plan (the "Plan") dated as of May 1, 1984 and proposes thereafter, pursuant to the Plan, to distribute as a dividend (the "Distribution") in excess of 40% of Industries' Common Stock, \$1.00 par value, to the stockholders of Masco;

WHEREAS, as a result of the Distribution, Industries will become a publicly held corporation and Masco will initially own approximately 50% of Industries' Common Stock;

WHEREAS, following the Distribution certain of the officers and Directors of Masco will also serve as officers and Directors of Industries and certain of the corporate staff of Masco will perform a number of the corporate staff and administrative services, including corporate development functions, for Industries pursuant to the Corporate Services Agreement dated as of the date hereof (the "Corporate Services Agreement"), between Masco and Industries; and

WHEREAS, Masco and Industries wish to reduce the potential for conflicts of interest, or the appearance of conflicts of interest, created by such relationships;

NOW, THEREFORE, in consideration of the mutual covenants made herein and of the mutual benefits to be derived herefrom, the parties hereto hereby agree as follows:

1. Business Opportunities for Industries. Neither Masco nor any of its subsidiaries shall consider undertaking any Third-Party Transactions (as hereinafter defined) which comes to the attention of Masco, Industries or any of their respective subsidiaries if such transaction involves industrial or oil-field products or services and is not an Excluded Transaction (as hereinafter defined) unless Industries has first been provided with the opportunity to consider undertaking such transaction and thereafter either declines or fails, within a reasonable period, to conclude such transaction.

2. Business Opportunities for Masco. Neither Industries nor any of its subsidiaries shall consider undertaking any Third-Party Transaction which comes to the attention of Industries, Masco or any of their respective subsidiaries if such transaction is not required under Section 1 hereof to be first offered for the consideration of Industries unless Masco has first been provided the opportunity to consider undertaking such transaction and

thereafter either declines or fails, within a reasonable period, to conclude such transaction.

3. Internally Generated Products or Services. Neither Masco nor Industries, nor any of their respective subsidiaries shall in any way be restricted by the terms hereof from developing or marketing any products or services or manufacturing any products which do not involve any Third-Party Transactions referred to in Sections 1 or 2 hereof.

4. Definitions. For purposes of this Agreement, the following terms have the respective meanings set forth below:

(i) A "Third-Party Transaction" shall mean any acquisition, merger, consolidation or joint venture with, investment (other than investments solely in marketable securities) in or any similar transaction involving a party other than Industries, Masco, any of their respective subsidiaries or any other entities in which on the date hereof any of such corporations has investments not consisting solely of marketable securities.

(ii) An "Excluded Transaction" shall mean any Third-Party Transaction with respect to a business which (a) does not involve an acquisition of or merger or consolidation with another company or other business entity, or (b) is not

primarily involved in offering industrial or oil-field products or services, or (c) is primarily involved in offering industrial products or services which are used in any of the manufacturing operations of Masco or any of its subsidiaries unless Masco, within a reasonable period after first becoming apprised of such transaction, advises Industries that it does not intend to consider undertaking the transaction for integration into Masco's or such subsidiary's manufacturing operations.

5. Duration. This Agreement shall continue in effect until the date which is one year after the termination of the Corporate Services Agreement and will thereafter be automatically renewed for one-year periods, subject to either party's right to terminate this Agreement by written notice to the other received at least 90 days prior to any such scheduled renewal date.

6. Assignability. This Agreement shall not be assigned by either party, except to a successor to substantially all of the business of a party, without the express written consent of the other party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

*MASCO CORPORATION*

*MASCO INDUSTRIES, INC.*

*By /s/ Wayne B. Lyon  
Manoogian  
Executive Vice President*

*By /s/ Richard A.  
President*

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**Exhibit 10.e**

**MASCO CORPORATION**

**1991 LONG TERM STOCK INCENTIVE PLAN**

(Restated December 6, 1995)

Section 1. Purposes

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to Masco Corporation (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.
- (b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.
- (f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.
- (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

- (h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.
- (l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.
- (m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.
- (n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.
- (o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.
- (p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.
- (r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.
- (s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.



### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

- (i) designate Participants;
- (ii) determine the types of Awards to be granted;
- (iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;
- (iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;
- (v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;
- (vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- (vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;
- (viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;
- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;

- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;
- (xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, and to amend Awards granted to Participants, provided such Participants are not directors or officers of the Company for purposes of Section 16;
- (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(b):

(i) Initial Authorization. There shall be 8,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 8,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Shares Under Prior Plans. In addition to the amounts set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1988 Restricted Stock Incentive Plan and its 1988 Stock Option Plan shall thereafter be available for issuance hereunder.

(v) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(vi) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or

in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to

comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so

exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the

Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.



(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest

with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the

grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee; or

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant

may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(b), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting

power of all outstanding voting securities of the Company; or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether

paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section

6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

#### Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

- (a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any out-standing Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.
- (b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.
- (c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.
- (d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

#### Section 8. General Provisions

- (a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants



or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that

any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

**Exhibit 10.f**

**MASCO CORPORATION**

**1988 RESTRICTED STOCK INCENTIVE PLAN**

(Restated December 6, 1995)

1. Purpose of the Plan

The purpose of the Plan is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in attracting and retaining key employees and consultants of outstanding ability. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

2. Stock Subject to the Plan

The shares which may be awarded under the Plan are shares of the Company's Common Stock, \$1 par value. Subject to adjustment as provided in Paragraph 6, the total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed 8,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock as to which options have been granted under the Company's 1988 Stock Option Plan (other than shares which are available for further grants under Article IV of such plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

### 3. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Securities Exchange Act of 1934 (the "Exchange Act") or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements entered into pursuant to the Plan, (c) to adopt, amend and rescind rules and regulations for its administration and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be conclusive and binding upon all parties concerned.

### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each participant.

### 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than ninety days. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of Common Stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company, provided, however, that if such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall not be so forfeited, and provided further that the Committee may remove or modify restrictions on shares which are not forfeited. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated

(i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service,

not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate or other evidence of ownership issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited on behalf of the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation 1988 Restricted Stock Incentive Plan and an award agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee in its sole discretion shall determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall deliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting se-

curities of the Company;

(B) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or



payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this

Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the

calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action

taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with its procedures, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having shares withheld from the shares as to which the Restricted Period has expired or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part, on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

## 6. Changes in Capitalization

If there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan

shall be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of the Company's stockholders no amendment shall increase the number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1998 or change the standards of eligibility of employees or consultants eligible to participate in the Plan. The number of shares awardable under the Plan may, however, without stockholder approval, be adjusted pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Employment Rights

The adoption of the Plan, the award of stock hereunder and the participation by a participant in the Plan do not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

#### 9. Effective Date and Termination of Awards

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1998.

**Exhibit 10.g**

**MASCO CORPORATION  
1988 STOCK OPTION PLAN**

(Restated December 6, 1995)

Article I. Purpose

The purpose of the 1988 Stock Option Plan (the "Plan") is to secure for Masco Corporation (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

Article II. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Securities Exchange Act of 1934 (the "Exchange Act") or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;

(e) to prescribe the form or forms of the instruments evidencing options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;

(f) to designate options granted to key employees of the Company or its subsidiaries under the Plan as "incentive stock options" ("ISOs"), as such terms are defined in the Internal Revenue Code of 1986;

(g) to adopt, amend and rescind rules and regulations for the administration of the Plan and options and for its own acts and proceedings; and

(h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be conclusive and binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1998, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed 8,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock awarded under the Company's 1988 Restricted Stock Incentive Plan (other than shares awarded under such plan which are later forfeited to the Company). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable, any stock theretofore subject to such expired or terminated option shall thereafter be available for further grants under the Plan. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock subject to such option shall not thereafter be available for further grants.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied:

(a) Such option must be granted on or prior to April 1, 1998, and such option by its terms must not be exercisable after the expiration of ten years from the date such option is granted;

(b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted; and

(c) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee exercisable in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and conditions as the Committee shall deem appropriate.

(a) Option Price. Each option shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Term of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted."

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options granted hereunder, in the case of a Change in Control of the Company, each option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph (3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as



directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or

(y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. At the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with its procedures, may permit a participant to satisfy, in whole or in part, the income tax withholding obligations in connection with the exercise of a non-qualified stock option by having shares withheld from the shares to be issued upon the exercise of the option or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) if the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No options may be transferred by the participant other than by designation of beneficiary as provided in subsection (j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least ninety days from the date the option is granted.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the day of termination. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan or the option, whether the termination of employment or consulting arrangement is voluntary or involuntary, options may be exercised only if such options were exercisable at the date of such termination, and an option may not be exercised at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the preceding three sentences, the Committee may extend the time within which or alter the terms and conditions on which the participant may exercise an option after the termination of employment or the consulting arrangement, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Com-

mittee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or

(iii) by virtue of a change of status from employee to consultant or from consultant to employee.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may extend the time within which or alter the terms and conditions on which an option held by a retired or disabled option holder may be exercised, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (or such additional shares covered by the option as the Committee may allow), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms and conditions differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the replacement options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

## Article VIII. Surrender of Options

The Committee may, in its discretion and upon such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

## Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be conclusive and binding on all persons.

## Article X. Employment Rights

The adoption of the Plan, the grant of options hereunder and the participation by a participant in the Plan do not confer upon any employee of or consultant to the Company or subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

## Article XI. Amendments

The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no amendment shall increase the maximum number of shares of stock available under the Plan, alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions required for the exercise of the same, except that nothing herein shall limit the Company's right

under Article VI(d) to call stock, issued for deferred payment which is evidenced by a promissory note, where the participant is in default of the obligations of such note.

**Exhibit 10.h**

**MASCO CORPORATION**

**1984 RESTRICTED STOCK (INDUSTRIES) INCENTIVE PLAN**

(Restated December 6, 1995)

**1. Purpose of the Plan**

The purpose of the 1984 Restricted Stock (Industries) Incentive Plan (the "Plan") is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership in common stock of an affiliated Company, MascoTech, Inc., a Delaware corporation (formerly Masco Industries, Inc. and referred to herein as "Industries"). For purposes of this Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

**2. Stock Subject to the Plan**

The total number of shares of stock that may be awarded under the Plan is 12,000,000 shares of Common Stock of Industries, \$1.00 par value. Such stock may be any shares of Industries Common Stock owned by the Company. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

**3. Administration**

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of three or more members of the Board of Directors who shall administer the Plan. No director

shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not eligible and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable. All such actions of the Committee shall be binding upon all participants.

#### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

#### 5. Terms and Conditions of Awards

All shares of Industries' Common Stock awarded to participants under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" of transfer which shall be not less than one year. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares



covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of such shares shall not be forfeited but instead shall be subject to such restrictions as the Committee may establish or that some or all of such shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if any employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares

then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation's 1984 Restricted Stock (Industries) Incentive Plan and an Award Agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Award Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

- (1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or
- (2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or
- (3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award granted at least one year prior thereto shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions.

(2) With respect to any award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company; or

(B) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(3) Notwithstanding the provisions of subparagraph (2), with respect to awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (3) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (2) or (3) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (3) in lieu of the foregoing subparagraph (2). A Change in Control for purposes of this subparagraph (3) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or

nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(4)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (4) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(4) , including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for

purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(4) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such

trust and the participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse: (1) in the case of participants who are employees of or consultants to Industries or any of its subsidiaries, by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of Industries owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of Industries or common stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

#### 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by Industries for its outstanding Common Stock, the maximum

aggregate number and class of shares as to which awards may be granted under the Plan may be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall determine otherwise, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If Industries shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of Stockholders of the Company no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1999 or change the standard of eligibility to participate in the Plan. The total number of shares which may be awarded under the Plan may, however, be adjusted without stockholder approval pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1999.

**Exhibit 10.i**

**MASCO CORPORATION**

**1984 STOCK OPTION PLAN**

(Restated December 6, 1995)

Article I. Purpose

The purpose of the 1984 Stock Option Plan (the "Plan") is to secure for Masco Corporation (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Articles III and VII of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

Article II. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. No director shall become or remain a member of the Committee unless at the time of exercise of any discretionary function as a Committee member such director is not eligible, and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have authority, consistent with the Plan:



- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock to be subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its "subsidiaries" under the Plan as "incentive stock options" ("ISOs"), as such terms are defined under the Internal Revenue Code;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and the options and for its own acts and proceedings; and
- (h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries or affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1999, but options theretofore granted may extend beyond that date. The number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed 4,000,000 in the aggregate, subject to adjustment as provided in Article IX. To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable as to any stock subject thereto, such stock shall thereafter be available for further grants under the Plan, within the limit specified above. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock covered by options so accepted shall not thereafter be available for the granting of other options under the Plan.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied with respect to such option:

- (a) Such option must be granted on or prior to April 24, 1994, and such option by its terms is not exercisable after the expiration of ten years from the date such option is granted;
- (b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted;
- (c) Such option by its terms is not exercisable while there is outstanding an ISO which was granted to the same employee at an earlier time. For purposes of this clause (c), an ISO which has not been exercised in full shall be deemed to be outstanding, notwithstanding any cancellation or termination thereof, until the expiration of the period during which it could have been exercised under its original terms; and
- (d) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000 (the "Basic Amount") plus the sum of the "Carry-Over Amounts" for each of the three calendar years immediately preceding the year in which such option is

granted. The "Carry-Over Amount", as used in this clause (d) for any calendar year, shall mean (i) fifty percent of the amount by which \$100,000 exceeds the fair market value, determined at the time of grant, of Common Stock subject to ISOs which were granted during such calendar year to the employee for whom the Carry-Over Amount is being determined, or (ii) \$50,000 in the case such employee has not in such calendar year been granted any ISO. No amount shall be included in a Carry-Over Amount for any year to the extent such amount was theretofore necessarily included as a Carry-Over Amount to permit the qualification of an ISO under this clause (d), and Carry-Over Amounts shall only be utilized to permit the qualification of an ISO under this clause (d) in the order in which they first arose and then only if the Basic Amount has not theretofore been utilized to permit such qualification.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and conditions as the Committee shall deem appropriate.

(a) Option Price. Each option granted hereunder shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Term of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and of the number of

shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and such person shall at the time of such exercise tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph

(3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(2) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for

any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and

14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code

that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. Upon and at the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all such stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit a participant to satisfy, in whole or in part, the applicable income tax withholding obligations in connection with the exercise of a non-qualified stock option under the Plan: (1) in the case of participants who are employees of or consultants to MascoTech, Inc. or any of its subsidiaries, by delivering from shares of common stock of MascoTech, Inc. owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by having withheld from the shares to be issued upon the exercise of the option or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) in the event the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No option may be transferred by the participant other than by designation of beneficiary as provided in subsection

(j) of this Article, or by will or by the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least one year from the date of the granting of the option, subject to the right of the Company, its subsidiary or affiliated company to terminate the participant's employment or consulting arrangement at any time.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise

the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the day of termination unless a longer period is permitted by the Committee in its discretion. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan, in no event may a participant whose employment or consulting arrangement has been terminated voluntarily or involuntarily exercise an option at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the foregoing, the Committee may by the express terms of the grant of the option extend the aforesaid periods of time within which the participant may exercise an option after the termination of employment or the consulting arrangement. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee),

(ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee. Unless otherwise expressly provided in the Plan or the grant of an option, an option may be exercised only to the extent exercisable on the date of termination of employment or of the consulting arrangement by reason of death, permanent and total disability, retirement or otherwise.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may permit the exercise of an option held by a retired or disabled option holder upon other terms and conditions as it deems advisable under the circumstances, and if the period within which an option may be exercised has been extended the Committee may terminate all unexercised options if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised as to all or any of the shares which the participant was entitled to purchase immediately prior to death (unless the Committee shall have provided in the instrument evidencing such option that all shares covered by the option are subject to purchase upon death), by the person or persons



designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the substitute options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and upon such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to

which the Company is a party. The determination of the Board of Directors as to such matters shall be binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan does not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time.

#### Article XI. Amendments

The Committee may at any time discontinue granting options under the Plan. The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no such amendment shall increase the maximum number of shares of stock available under the Plan, or alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions and actions required for the exercise of the same, except that nothing herein shall limit the Company's right to call stock, issued for deferred payment which is evidenced by a promissory note, where the participant is in default of the obligations of such note.

**Exhibit 10.j**

**MASCO CORPORATION**

**RESTRICTED STOCK INCENTIVE PLAN**

(Restated December 6, 1995)

**1. Purpose of the Plan**

The purpose of the Plan is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

**2. Stock Subject to the Plan**

The total number of shares of stock that may be awarded under the Plan is 4,000,000 shares of the Company's Common Stock, \$1.00 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

**3. Administration**

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of three or more members of the Board of Directors who shall administer the Plan. Members of the Committee shall not be eligible while a member to participate in the Plan and shall not have at any time within one year prior to appointment been eligible for selection as a person to whom stock

may have been allocated or to whom stock options of the Company may have been granted pursuant to the Plan or any other plan of the Company. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and (e) generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be binding upon all participants.

#### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

#### 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than one year. Such Restricted Period may differ between and among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation Restricted

Stock Incentive Plan and an agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award granted at least one year prior thereto shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board

directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(B) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections

13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to

such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section

5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content



satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse: (1) in the case of participants who are employees of or consultants to MascoTech, Inc. or any of its subsidiaries, by delivering from shares of common stock of MascoTech, Inc. owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by

having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

#### 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan shall be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of Stockholders no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1991 or change the standards of eligibility of employees eligible to participate in the Plan. The total number of shares awardable under the Plan may, however, without stockholder approval, be adjusted pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1991.

**Exhibit 10.k**

**MASCOTECH, INC.**

**1991 LONG TERM STOCK INCENTIVE PLAN**

(Restated December 6, 1995)

Section 1. Purposes

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to MascoTech, Inc. (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.
- (b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.
- (f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

- (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- (h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.
- (l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.
- (m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.
- (n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.
- (o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.
- (p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.
- (r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.
- (s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

- (i) designate Participants;
- (ii) determine the types of Awards to be granted;
- (iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;
- (iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;
- (v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;
- (vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- (vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;
- (viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;
- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;
- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;

(xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, and to amend Awards granted to Participants, provided such Participants are not directors or officers of the Company for purposes of Section 16;

(xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(b):

(i) Initial Authorization. There shall be 6,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 6,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for

purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Shares Under Prior Plans. In addition to the amount set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1984 Restricted Stock Incentive Plan and its 1984 Stock Option Plan shall thereafter be available for issuance hereunder.

(v) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(vi) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization,

merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or



any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer

an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a

restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee; or

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(b), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee



deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of

the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section

6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination

hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

#### Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any outstanding Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that

such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

#### Section 8. General Provisions

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan

or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

## Exhibit 10.1

### MASCOTECH, INC.

#### 1984 RESTRICTED STOCK INCENTIVE PLAN

(Restated December 6, 1995)

##### 1. Purpose of the Plan

The purpose of the 1984 Restricted Stock Incentive Plan (the "Plan") is to aid MascoTech, Inc. (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

##### 2. Stock Subject to the Plan

The total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock as to which options have been granted under the Company's 1984 Stock Option Plan since the original adoption thereof (other than shares which are available for further grants under Article IV of such Plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

### 3. Administration

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of two or more members of the Board of Directors who shall administer the Plan. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable. All such actions of the Committee shall be binding upon all participants.

### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or as a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

### 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants under the Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as

shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than 90 days. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer and the restrictions applicable to non-cash distributions, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary or affiliated company) other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting agreement shall not be considered terminated

(i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated



companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Industries, Inc. 1984 Restricted Stock Incentive Plan and an Award Agreement entered into between the registered owner and MascoTech, Inc. Copies of such Plan and Award Agreement are on file in the office of the Secretary of MascoTech, Inc., Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or

(C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco");

(B) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by

a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed

supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of the Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this Paragraph 5(i) or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award, shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Agreement and the Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to the Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part, on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

## 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may

be granted under the Plan may be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) will be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of stockholders of the Company, no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1999 or change the standards of eligibility to participate in the Plan. The total number of shares which may be awarded under the Plan may, however, be adjusted without stockholder approval, pursuant to the adjustment provisions described in Paragraph 6.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1999.

**Exhibit 10.m**

**MASCOTECH, INC.**

**1984 STOCK OPTION PLAN**

(Restated December 6, 1995)

Article I. Purpose

The purpose of the 1984 Stock Option Plan (the "Plan") is to secure for MascoTech, Inc. (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Articles III and VII of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

Article II. Administration

The Plan shall be administered by a committee (the "Committee") consisting of three or more of the Company's directors to be appointed by the Board of Directors. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not eligible, and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock to be subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its "subsidiaries" under the Plan as "incentive stock options" ("ISOs"), as such terms are defined under the Internal Revenue Code;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and the options and for its own acts and proceedings; and
- (h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries or affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.



#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1999, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock awarded under the Company's 1984 Restricted Stock Incentive Plan since the original adoption thereof (other than shares forfeited to the Company which are thereby available for further awards under Paragraph 2 of such Plan). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable as to any stock subject thereto, such stock shall thereafter be available for further grants under the Plan, within the limit specified above. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock covered by options so accepted shall not thereafter be available for the granting of other options under the Plan.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied with respect to such option:

- (a) Such option must be granted on or prior to May 1, 1994, and such option by its terms is not exercisable after the expiration of ten years from the date such option is granted;
- (b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted;
- (c) Such option by its terms is not exercisable while there is outstanding an ISO which was granted to the same employee at an earlier time. For purposes of this clause (c), an ISO which has not been exercised in full shall be deemed to be outstanding, notwithstanding any cancellation or termination thereof, until the expiration of the period during which it could have been exercised under its original terms; and

(d) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000 (the "Basic Amount") plus the sum of the "Carry-Over Amounts" for each of the three calendar years immediately preceding the year in which such option is granted. The "Carry-Over Amount", as used in this clause (d) for any calendar year, shall mean (i) fifty percent of the amount by which \$100,000 exceeds the fair market value, determined at the time of grant, of Common Stock subject to ISOs which were granted during such calendar year to the employee for whom the Carry-Over Amount is being determined, or (ii) \$50,000 in the case such employee has not in such calendar year been granted any ISO. No amount shall be included in a Carry-Over Amount for any year to the extent such amount was theretofore necessarily included as a Carry-Over Amount to permit the qualification of an ISO under this clause (d), and Carry-Over Amounts shall only be utilized to permit the qualification of an ISO under this clause (d) in the order in which they first arose and then only if the Basic Amount has not theretofore been utilized to permit such qualification.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such Stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and condition as the Committee shall deem appropriate.

(a) Option Price. Each option granted hereunder shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Terms of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and of the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and such person shall at the time of such exercise tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each Option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph

(3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco");

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so

approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. Upon and at the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all such stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit a participant

to satisfy, in whole or in part, the applicable income tax withholding obligations in connection with the exercise of a non-qualified stock option under the Plan by having withheld from the shares to be issued upon the exercise of the option or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) in the event of the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No option may be transferred by the participant other than by designation of beneficiary as provided in subsection

(j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least one year from the date of the granting of the option, subject to the right of the Company, its subsidiary or affiliated company to terminate the participant's employment or consulting arrangement at any time.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary of affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the date of termination unless a longer period is permitted by the Committee in its discretion. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan, in no event may a participant whose employment or consulting agreement has been terminated voluntarily or involuntarily exercise an option at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the foregoing, the Committee may by the express terms of the grant of the option extend the aforesaid periods of time within which the participant may exercise an option after the termination of employment or the consulting arrangement. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee. Unless otherwise expressly provided in the Plan or the grant of the option, an option may be exercised only to the extent exercisable on the date of termination of employment or of the consulting arrangement by reason of death, permanent and total disability, retirement or otherwise.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may permit the exercise of an option held by a retired or disabled option holder upon other terms and conditions as it deems advisable under the circumstances, and if the period within which an option may be exercised has been extended the Committee may terminate all unexercised options if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (unless the Committee shall have provided in the instrument evidencing such option that all shares covered by the option are subject to purchase upon death), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants who have written agreement to render services to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the substitute options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and under such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.



## Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be binding on all persons.

## Article X. Employment Rights

The adoption of the Plan does not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time.

## Article XI. Amendments

The Committee may at any time discontinue granting options under the Plan. The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no such amendment shall increase the maximum number of shares of stock available under the Plan, or alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions and actions required for the exercise of the same, except that nothing herein shall limit the Company's right to call stock, issued for deferred payment which is evidenced by promissory note where the participant is in default of the obligations on such note.

**Exhibit 11**

**MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES**

**Computation of Primary and Fully Diluted Per Share Earnings (Loss)**

(Including Effect of Full Dilution)

indicated)	(In thousands except as		
	1995	1994	1993
Shares for computation of primary and fully diluted earnings per share:			
Weighted average number of shares outstanding.....	159,600	158,800	
152,700			
Common stock equivalents:			
Convertible debentures (1).....	---	4,200	
4,200			
Stock options (1).....	---	800	
1,500			
Total shares for primary earnings per share computation.....	159,600	163,800	
158,400			
Income from continuing operations.....	\$ 200,050	\$172,710	
\$215,210			
Add back of debenture interest, net (1)...	---	5,880	
5,880			
Earnings from continuing operations per common share, as adjusted.....	200,050	178,590	
221,090			
Discontinued operations:			
Income from operations of discontinued segment.....	8,270	20,990	
5,890			
Loss on disposition, net.....	(650,000)	---	---
Earnings (loss) attributable to common stock.....	\$(441,680)	\$199,580	
\$226,980			
Primary earnings (loss) per common share:			
Continuing operations.....	\$ 1.25	\$ 1.09	\$
1.41			
Discontinued operations:			
Income from operations of discontinued segment.....	.05	.13	
.04			
Loss on disposition, net.....	(4.07)	--	--
Primary and fully diluted earnings per share (in dollar amounts).....	\$(2.77)	\$ 1.22	\$
1.45			

(1) Common stock equivalents have an anti-dilutive effect in 1995 and dilutive influences are less than 3% in 1994 and 1993.

**Exhibit 12**

**MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES**

**Computation of Ratio of Earnings to Fixed Charges**

(Thousands of Dollars)

	1995	1994	1993	1992	1991
Earnings Before Income Taxes And Fixed Charges:					
Income from continuing operations before income taxes	\$351,790	\$292,830	\$349,190	\$296,020	
\$125,140					
Deduct/add equity in undistributed (earnings) loss of fifty-percent- or-less-owned companies	(17,770)	106,200	(13,750)	(13,210)	
38,150					
Add interest on indebtedness, net	73,400	60,360	62,860	57,190	
71,640					
Add amortization of debt expense	1,930	2,220	2,650	2,710	
1,630					
Add one-third of rentals	4,970	4,220	3,190	3,290	
3,490					
Earnings before income taxes and fixed charges	\$414,320	\$465,830	\$404,140	\$346,000	
\$240,050					
Fixed charges:					
Interest on indebtedness	\$ 76,460	\$ 63,220	\$ 63,600	\$ 69,890	\$
72,850					
Amortization of debt expense	1,930	2,220	2,650	2,710	
1,630					
One-third of rentals	4,970	4,220	3,190	3,290	
3,490					
	\$ 83,360	\$ 69,660	\$ 69,440	\$ 75,890	\$
77,970					
Ratio of earnings to fixed charges	5.0	6.7	5.8	4.6	3.1

**Exhibit 21**  
**MASCO CORPORATION**  
(a Delaware Corporation)

**Subsidiaries (as of March 28, 1996, including discontinued operations)**

of	Jurisdiction
Organization	Incorporation or
Name	
Alsons Corporation	Michigan
American Metal Products Company	Delaware
A.M.P. Industrial Mexicana S.A. de C.V.	Mexico
American Shower & Bath Corporation	Michigan
Ametex Fabrics, Inc.	Delaware
Aqua Glass Corporation	Tennessee
Aqua Glass West, Inc.	Delaware
Tombigbee Transport Corporation	Tennessee
Auto-Graph Computer Designing Systems, Inc.	Kentucky
Baldwin Hardware Corporation	
Pennsylvania	
Baldwin Hardware Service Corp.	Delaware
The Berkline Corporation	Delaware
Berkline Inc.	Quebec
Brass-Craft Manufacturing Company	Michigan
Brass-Craft Holding Company	Michigan
Brass-Craft Canada, Ltd.	Canada
Brass-Craft Western Company	Texas
Plumbers Quality Tool Mfg. Co., Inc.	Michigan
Tempered Products, Inc.	Taiwan
Thomas Mfg. Company Inc. of Thomasville	North
Carolina	
Brush Creek Ranch II, Inc.	Missouri
Cal-Style Furniture Mfg. Co.	California
Composite Products Inc.	Delaware

of		Jurisdiction
Organization	Name	Incorporation or
	Delta Faucet Services International, Inc.	Delaware
	Drexel Heritage Furnishings Inc.	New York
	D-H Retail Space, Inc.	Delaware
	Drexel Heritage Advertising, Inc.	Delaware
	Drexel Heritage Home Inspiration, Inc.	Delaware
	Epic Fine Arts Company	Delaware
	Anderson & Co. Fine Arts Inc.	Michigan
	Beacon Hill Fine Art Corporation	New York
	Morning Star Gallery, Ltd.	New Mexico
	Fieldstone Cabinetry, Inc.	Iowa
	Fieldstone Transportation Company	Iowa
	Flint & Walling Industries, Inc.	Delaware
	Gale Industries, Inc.	Florida
	Gamco Products Company	Delaware
	Henredon Furniture Industries, Inc.	North Carolina
	Henredon Transportation Co.	North Carolina
	Interior Fabric Design, Inc.	New York
	Intro Europe, Inc.	North Carolina
	Intro Europe, B.V.	Netherlands
	KraftMaid Cabinetry, Inc.	Ohio
	KraftMaid Trucking, Inc.	Ohio
	La Barge, Inc.	Michigan
	Landex, Inc.	Michigan
	Landex of Wisconsin, Inc.	Wisconsin
	Lexington Furniture Industries, Inc.	North Carolina
	Lineage Home Furnishings, Inc.	Delaware
	Lineage Services Incorporated	Delaware
	Maitland-Smith, Inc.	North Carolina
	Maitland-Smith Asia Holdings Limited	Vanuatu
	Cebu Agency Limited	Hong Kong
	Cebu Agency Ltd. - Cebu Branch	Philippines

of	Jurisdiction
Organization	Incorporation or
Name	
Design Agency Limited	Hong Kong
Design Agency Ltd. - Cebu Branch	Philippines
Maitland-Smith Ltd.	Hong Kong
Maitland-Smith Cebu Inc.	Philippines
Maitland-Smith Pacific Ltd.	Vanuatu
Maitland-Smith Philippines, Inc.	Philippines
Mandaue Holdings Incorporated - 40%	Philippines
P.T. Maitland Smith Indonesia	Indonesia
Perabut Bermutu (L) Bhd.	Lauban
Marbro Lamp Company	California
The Marvel Group, Inc.	Delaware
Masco Capital Corporation	Delaware
Masco Holdings Limited	Delaware
Masco Building Products Corp.	Delaware
Computerized Security Systems, Inc.	Michigan
Computerized Security Systems of Canada, Inc	Canada
Computerized Security Systems (Asia) Limited	Asia
Thermador Corporation	California
Weiser Lock Corporation	California
Winfield Locks, Inc.	California
Masco Corporation of Indiana	Indiana
Damixa A/S	Denmark
Damixa AB	Sweden
N.V. Damixa S.A.	Belgium
Mix-A-Mix A/S	Denmark
DAMIXA Armaturen GmbH	Germany
Delta Faucet Company of Tennessee	Delaware
Delta Faucet of Oklahoma, Inc.	Delaware
Hydrotech, Inc.	Michigan
Studio Technico Sviluppo E. Recherche Srl	Italy

Name	Jurisdiction of Incorporation or Organization
Masco Canada Limited 3072002 Ontario Limited	Ontario Ontario
Masco Corporation Limited Kingdom	United
Ametex U.K. Limited Kingdom	United
Ametex Sarl Herbert Green (Silsden) Ltd.	France United
Kingdom Berglen Furniture Limited Kingdom	United
Berglen Group Limited Kingdom	United
Berglen Products Limited Kingdom	United
Berglen Distributors Limited Kingdom	United
Berglen Associates Limited Kingdom	United
Cebu Limited Kingdom	United
Destiny Limited Hanhill (Great Britain) Limited Ramm Son & Crocker Limited	Isle of Man England England
Damixa Ltd. Kingdom	United
Kiloheat Limited Kingdom	United
NewTeam Management Services Limited NewTeam Electronics Ltd.	Jersey United
Kingdom NewTeam Export (Jersey) Limited NewTeam France SARL NewTeam Ltd.	Jersey France United
Kingdom NewTeam Plastics Ltd. Kingdom	United
Chromeco Ltd. Kingdom	United
Harplace Ltd. Kingdom	United
Showerforce Ltd. Kingdom	United
Maitland-Smith Limited Kingdom	United
Weiser (U.K.) Ltd. Kingdom	United
Masco GmbH - 98% Alfred Reinecke GmbH & Co. KG Alma Kuchen Aloys Meyer GmbH	Germany Germany Germany

Name	Jurisdiction of Incorporation or Organization
Gebhardt Aktiebolag 90%	Sweden
Gebhardt Sarl	France
Gebhardt Ventilatoren Gesellschaft mbh	Austria
Gebhardt Ventilatoren GmbH & Co.	Germany
Gebhardt Ventiladores Srl	Spain
Hans Grohe GmbH & Co. KG - 27%	Germany
HTH Haustechnische Handelsgesellschaft mbh	Germany
Hueppe Gesellschaft mbh	Austria
Hueppe GmbH & Co.	Germany
Hueppe Sarl	France
Intermart Insaat Malzemeleri Sanayi ve Ticaret AS	Turkey
Jung-Pumpen GmbH	Germany
Jung-Pumpen Handelsgesellschaft mbh	Austria
Teknomar Insaat Malzemeleri Sanayi ve Ticaret AS	Turkey
Masco Europe, Inc.	Delaware
N.V. Weiser Europe, S.A.	Belgium
Rubinetterie Mariani S.A.	Italy
Weiser, Inc.	British
Columbia	
Masco de Puerto Rico, Inc.	Puerto Rico
Masco Home Furnishings, Inc.	North Carolina
Masco International Sales, Inc.	Barbados
Masco International Services, Inc.	Delaware
Masco Services, Inc.	Delaware
Mascomex S.A. de C.V.	Mexico
Melard Manufacturing Corp.	Delaware
Merillat Industries, Inc.	Michigan
Merillat Corporation	Delaware
Merillat Transportation Company	Delaware
Morgantown Plastics Company	Delaware
Outlet Corp.	Delaware
Peerless Faucet Sales Corporation	Delaware



of	Jurisdiction
Organization	Incorporation or
Name	
Ramm, Son & Crocker, Inc.	New York
Robert Allen Fabrics, Inc.	Delaware
Robert Allen Fabrics of N.Y., Inc.	Delaware
Robert Allen Fabrics (Canada) Ltd.	Canada
Sherle Wagner Accessories, Inc.	New York
Sherle Wagner International, Inc.	New York
StarMark, Inc.	South Dakota
SMI Franchising Corp.	Delaware
StarMark of Virginia, Inc.	Virginia
Sunbury Textile Mills, Inc.	Delaware
Universal Furniture Limited	Delaware
American Furniture Limited	Hong Kong
Del Mar Furniture Industries (Singapore) Pte. Ltd.	Singapore
H.K.T. (Malaysia) Sdn. Bhd.	Malaysia
Hong Kong Teakwood Works Limited	Hong Kong
Hong Kong Teakwood Works (Singapore) Pte. Ltd.	Singapore
Hong Kong Teakwood Works (Taiwan) Limited	Taiwan
Log and Timber Products (Singapore) Pte. Ltd.	Singapore
Rigel Enterprises Limited (Singapore) Pte. Ltd.	Singapore
Shin Shin Wood Products Co. Ltd. - 51%	Taiwan
Sterling Home Furnishings (Singapore) Pte. Ltd.	Singapore
Sterling Home Furnishings (Taiwan) Ltd.	Taiwan
Swaps Investment Limited	Hong Kong
Syarikat Malaysia Wood Industries Sdn. Bhd.	Malaysia
Teakwood Property Development Ltd.	Hong Kong
Teakwood (U.K.) Ltd.	United
Kingdom	
Pilliod (U.K.) Limited	United
Kingdom	
Universal Furniture Industries (U.K.) Ltd.	United
Kingdom	
Universal Furniture Industries, Inc.	Delaware
Blue Mountain Trucking Corporation	Mississippi
Custom Truck Tires, Inc.	Mississippi

Name	Jurisdiction of Incorporation or Organization
Universal Furniture Industries (Deutschland) GmbH	Germany
Universal Furniture Industries (Scandinavia) AB	Sweden
Universal Furniture (Japan) Ltd.	Japan
Universal Furniture (Taiwan) Co. Ltd.	Taiwan
Universal Furniture (Thailand) Ltd.	Thailand
Universal Woodfloor (Europe) AB	Sweden
Universal Woodfloor (Europe) GmbH	Germany
UFL Management Services Pte. Ltd.	Singapore
World Wide Furniture Sales, Inc.	British Virgin
II	
Xin Jia Po Huan Mei Furniture Ltd.	Hong Kong
Chang Chun Universal Flooring Company Ltd 50%	China
Chang Chun Wood Products Company Limited 50%	China
Universal Furniture (Tianjin) Co. Ltd. 80%	China
Universal Veneer (Tianjin) Co. Ltd. 51%	China
Universal Flooring (Tianjin) Co. Ltd. 80%	China
Universal Furniture (Guangzhou) Co. Ltd. - 85%	China
Universal Furniture (Xian) Co. Ltd.	China
Universal Furniture (Fuzhou) Co. Ltd.	China
Vapor Technologies, Inc.	Delaware
Watkins Manufacturing Corporation	California
W/C Technology Corporation	Delaware
Zenith Products Corporation	Delaware

Directly owned subsidiaries appear at the left hand margin, first tier and second tier subsidiaries are indicated by single and double indentation, respectively, and are listed under the names of their respective parent companies. Unless otherwise indicated, all subsidiaries are wholly-owned. Certain of these companies may also use tradenames or other assumed names in the conduct of their business.

**Exhibit 23.a**

**CONSENT OF INDEPENDENT ACCOUNTANTS**

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33-53330, 33-2374, 33-52485, 33-53959, 33-53985 and 33-60031) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) of our report dated March 1, 1996, on our audits of the consolidated financial statements and financial statement schedule of Masco Corporation and subsidiaries as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, which report is included in this Annual Report on form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

**COOPERS & LYBRAND, L.L.P.**

Detroit, Michigan  
March 28, 1996

**Exhibit 23.b**

**CONSENT OF INDEPENDENT ACCOUNTANTS**

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33-53330, 33-2374, 33-52485, 33-53959, 33-53985 and 33-60031) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) of our report dated February 23, 1996, on our audits of the consolidated financial statements and financial statement schedule of MascoTech, Inc. and subsidiaries as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, which report is included in this Annual Report on Form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

**COOPERS & LYBRAND L.L.P.**

Detroit, Michigan  
March 28, 1996

**ARTICLE 5**  
 THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S DECEMBER 31, 1995 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.  
 MULTIPLIER: 1,000

PERIOD TYPE	12 MOS	12 MOS
FISCAL YEAR END	DEC 31 1995	DEC 31 1994
PERIOD END	DEC 31 1995	DEC 31 1994
CASH	60,470	36,530
SECURITIES	0	0
RECEIVABLES	456,200	423,590
ALLOWANCES	16,300	12,000
INVENTORY	391,760	370,010
CURRENT ASSETS	964,500	879,640
PP&E	1,342,370	1,199,600
DEPRECIATION	485,680	442,950
TOTAL ASSETS	3,778,630	4,177,100
CURRENT LIABILITIES	445,850	410,200
BONDS	1,577,100	1,587,160
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	160,380	156,990
OTHER SE	1,495,050	1,961,340
TOTAL LIABILITY ANDEQUITY	3,778,630	4,177,100
SALES	2,927,000	2,583,000
TOTAL REVENUES	2,927,000	2,583,000
CGS	1,846,330	1,574,100
TOTAL COSTS	1,846,330	1,574,100
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	73,800	61,530
INCOME PRETAX	351,790	292,830
INCOME TAX	151,740	120,120
INCOME CONTINUING	200,050	172,710
DISCONTINUED	(641,730)	20,990
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	(441,680)	193,700
EPS PRIMARY	(2.77)	1.22
EPS DILUTED	(2.77)	1.22

# End of Filing