

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2013</div> <div style="text-align: center; font-weight: bold;">This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a Name of plan <u>THE BERKLINE ASSOCIATES PENSION PLAN</u>	1b Three-digit plan number (PN) ▶ <u>015</u>	1c Effective date of plan <u>02/01/1952</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>NCFII HOLDINGS INC. C/O MASCO CORPORATION</u> <u>ATTN BENEFITS DEPARTMENT</u> <u>21001 VAN BORN ROAD</u> <u>TAYLOR, MI 48180</u>	2b Employer Identification Number (EIN) <u>56-1977928</u>	
	2c Sponsor's telephone number <u>313-274-7400</u>	
	2d Business code (see instructions) <u>337000</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/07/2014	STEPHEN ARMBRUSTER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		3c Administrator's telephone number 4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year		5	409
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).			
a Active participants		6a	0
b Retired or separated participants receiving benefits		6b	189
c Other retired or separated participants entitled to future benefits.....		6c	110
d Subtotal. Add lines 6a , 6b , and 6c		6d	299
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e	81
f Total. Add lines 6d and 6e		6f	380
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1C 1I			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>THE BERKLINE ASSOCIATES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>015</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NCFII HOLDINGS INC. C/O MASCO CORPORATION</u>	D Employer Identification Number (EIN) <u>56-1977928</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>5183359</u>
b Actuarial value	2b <u>5098372</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>287</u> <u>5014170</u>
b For terminated vested participants.....	3b <u>122</u> <u>1052923</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>0</u>
(2) Vested benefits	3c(2) <u>0</u>
(3) Total active.....	3c(3) <u>0</u>
d Total.....	3d <u>409</u> <u>6067093</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.11</u> %
6 Target normal cost	6 <u>90000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary	Date
<u>MELODY PRANGLEY</u>	<u>14-07387</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	<u>248-936-7700</u>
Firm name	Telephone number (including area code)
<u>28411 NORTHWESTERN HIGHWAY</u> <u>SOUTHFIELD, MI 48034</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	443432
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	443432
10 Interest on line 9 using prior year's actual return of <u>14.52</u> %		64386
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		7160
b Interest on (a) using prior year's effective interest rate of <u>6.79</u> % except as otherwise provided (see instructions)		486
c Total available at beginning of current plan year to add to prefunding balance		7646
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	507818

Part III Funding Percentages		
14 Funding target attainment percentage	14	75.66 %
15 Adjusted funding target attainment percentage	15	75.66 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	71.31 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/01/2013	200000				
07/01/2013	200000				
10/01/2013	80000				
01/02/2014	160000				
09/02/2014	100000				
			Totals ►	18(b)	740000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	709069
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....		31a	90000
b Excess assets, if applicable, but not greater than line 31a		31b	0
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	1476539		615109
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...		34	705109
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....		36	705109
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....		37	709069
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	3960
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected		☐ 2 plus 7 years	☐ 15 years
b Eligible plan year(s) for which the election in line 41a was made		☐ 2008	☐ 2009 ☐ 2010 ☐ 2011
42 Amount of acceleration adjustment		42	0
43 Excess installment acceleration amount to be carried over to future plan years		43	0

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan THE BERKLINE ASSOCIATES PENSION PLAN	B Three-digit plan number (PN) ►	015
C Plan sponsor's name as shown on line 2a of Form 5500 NCFII HOLDINGS INC. C/O MASCO CORPORATION	D Employer Identification Number (EIN) 56-1977928	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	200000	260000
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	4984298	5609163
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5184298	5869163

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	5065	3372
k Total liabilities (add all amounts in lines 1g through 1j)	1k	5065	3372

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5179233	5865791
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	740000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		740000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		593711
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1333711

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	647153	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		647153
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		647153

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		686558
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GRANT THORNTON LLP

(2) EIN: 36-6055558

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>THE BERKLINE ASSOCIATES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>015</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NCFII HOLDINGS INC. C/O MASCO CORPORATION</u>	D Employer Identification Number (EIN) <u>56-1977928</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>34-2470859</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>6</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
27777 Franklin Road, Suite 800
Southfield, MI 48034
T 248.262.1950
F 248.350.3581
www.GrantThornton.com

To the Trustee and Participants of
The Berkline Associates Pension Plan

Report on the financial statements

We were engaged to audit the accompanying financial statements of The Berkline Associates Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years ended December 31, 2013 and 2012, and the statement of accumulated plan benefits as of December 31, 2012 and the related statement of changes in accumulated plan benefits for the year then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified information described in Note I, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2013 and 2012, and for the years then

ended, stating that the certified information provided to the Plan administrator is complete and accurate.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on form and content in compliance with DOL rules and regulations

The form and content of the information included in the financial statements, other than that derived from the certified information described in Note I, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Southfield, Michigan
September 19, 2014

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	NCFII Holdings Inc. C/O Masco Corporation
EIN/PN	56-1977928/015
Plan Name	The Berkline Associates Pension Plan
Valuation Date	January 1, 2013
Enrolled Actuary	Melody Pranglely
Enrollment Number	14-07387

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Plan Name:	The Berkline Associates Pension Plan
EIN / PN:	56-1977928 / 015
Plan Sponsor:	NCFII Holdings Inc. C/O Masco Corporation
Valuation Date:	January 1, 2013

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan The Berkline Associates Pension Plan	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">B Three-digit plan number (PN) ►</td> <td style="width: 30%; text-align: center;">015</td> </tr> <tr> <td colspan="2">D Employer Identification Number (EIN) 56-1977928</td> </tr> </table>	B Three-digit plan number (PN) ►	015	D Employer Identification Number (EIN) 56-1977928	
B Three-digit plan number (PN) ►	015				
D Employer Identification Number (EIN) 56-1977928					
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NCFII Holdings Inc. c/o Masco Corporation					
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500					

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2013</u>			
2 Assets:			
a Market value	2a		5,183,359
b Actuarial value	2b		5,098,372
3 Funding target/participant count breakdown:			
a For retired participants and beneficiaries receiving payment	3a	(1) Number of participants	(2) Funding Target
b For terminated vested participants	3b	287	5,014,170
c For active participants:		122	1,052,923
(1) Non-vested benefits	3c(1)		0
(2) Vested benefits	3c(2)		0
(3) Total active	3c(3)	0	0
d Total	3d	409	6,067,093
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.11 %	
6 Target normal cost	6	90,000	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div style="text-align: center;"> Signature of actuary Melody Prangley Type or print name of actuary Towers Watson Delaware Inc. Firm name 28411 Northwestern Highway Southfield MI 48034 Address of the firm </div>	<div style="text-align: center;"> Date 14-07387 Most recent enrollment number (248) 936-7700 Telephone number (including area code) </div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	443,432
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	443,432
10 Interest on line 9 using prior year's actual return of <u>14.52</u> %		64,386
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		7,160
b Interest on (a) using prior year's effective interest rate of <u>6.79</u> % except as otherwise provided (see instructions)		486
c Total available at beginning of current plan year to add to prefunding balance		7,646
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	507,818

Part III Funding Percentages

14 Funding target attainment percentage	14	75.66 %
15 Adjusted funding target attainment percentage	15	75.66 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	71.31 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/01/2013	200,000				
07/01/2013	200,000				
10/01/2013	80,000				
01/02/2014	160,000				
09/02/2014	100,000				
Totals ▶			18(b)	740,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	709,069

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)		31a	90,000
b Excess assets, if applicable, but not greater than line 31a		31b	0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		1,476,539	615,109
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..		34	705,109
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)		36	705,109
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)		37	709,069
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	3,960
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected		☐ 2 plus 7 years ☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made		☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	
42 Amount of acceleration adjustment		42 0	
43 Excess installment acceleration amount to be carried over to future plan years		43 0	

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V – Statement of actuarial assumptions and methods

Interest Rate Basis

● Applicable month:	September
Yield curve basis	3-segment rates
MAP-21 applied for funding	Yes
MAP-21 applied for benefit restrictions	Yes

Interest Rates

	Reflecting Corridors	Not Reflecting Corridors
First segment rate	4.94%	1.75%
Second segment rate	6.15%	4.62%
Third segment rate	6.76%	5.72%
Effective interest rate	6.11%	4.52%

Assumed Cost of Living Adjustments

None.

Inclusion Date

The valuation date coincident with or next following the date on which the employee is hired.

Administrative Expenses

The amount included this year for administrative expenses is \$90,000. Expenses include PBGC flat and variable rate premiums.

Mortality

For all participants: The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Plan Name:	The Berkline Associates Pension Plan
EIN / PN:	56-1977928 / 015
Plan Sponsor:	NCFII Holdings Inc. C/O Masco Corporation
Valuation Date:	January 1, 2013

SCHEDULE SB ATTACHMENTS

Retirement

Participants with deferred benefits are assumed to retire at age 65.

Disability Rates (per 100 employees)

None.

Compensation Increases

Not applicable.

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. Plan compensation is limited to the maximum presently allowed under IRC §401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative Termination Rates (per 100 employees) not Due to Disability, Retirement or Mortality

Not applicable.

Plan Name: The Berkline Associates Pension Plan
EIN / PN: 56-1977928 / 015
Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Form of Payment

Participants for whom it was determined by the prior actuary and the plan administrator that the Individual Balance Account was more valuable are assumed to elect the lump sum option at age 65.

Other Participants are assumed to elect the normal form for a single person.

At-Risk Form of Payment

The at-risk assumption for assumed form of payment is the same as the not-at-risk assumptions, since that meets the at-risk requirement.

All participants are assumed to elect the lump sum option (if the Individual Balance Account was more valuable) or the normal form for a single person.

Marriage

80% of males and 70% of females are married. The male spouse is assumed 3 years older than the female spouse.

Employees

It was assumed there will be no new or rehired employees.

Plan Compensation

Not applicable.

Asset Method

Under this method, the valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date. The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 7.25%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 7.25%, and the applicable limitation for the plan year, equal to 7.52%. The assumed rate of return on plan assets for the second prior plan year

Plan Name: The Berkline Associates Pension Plan
EIN / PN: 56-1977928 / 015
Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

(pursuant to IRS Notice 2009-22) was 6.57%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 7.25%, and the applicable limitation for the plan year, equal to 6.57%. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant Data

All data, including frozen benefit amounts for all terminated vested participants, was provided by Masco who is solely responsible for its accuracy. We are relying on this information and have not conducted an independent review.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2013 is used to determine the maximum deductible contribution for the tax year ending December 31, 2013.

Benefits not Included in Valuation

None.

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the instructions for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Plan Name: The Berkline Associates Pension Plan
EIN / PN: 56-1977928 / 015
Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V – Summary of plan provisions

Plan Sponsor

NCFII Holdings Inc. C/O Masco Corporation

Plan

The Berkline Associates Pension Plan (includes these prior plans: The Berkline Corporation Salaried Retirement Plan and the Berkline Corporation Hourly Retirement Plan)

Effective Date and Most Recent Amendment

The plan was originally effective January 1, 1994 (plans merged at this date had earlier respective effective dates). The last amendment reflected herein was effective December 31, 2008.

Plan Year

The twelve-month period ending December 31, 2013.

Coverage and Participation

All employees, except salesmen, are eligible to participate in the Plan. An employee becomes a participant on the first of the month following one Year of Service. Participation was frozen effective December 31, 2001.

Years of Service

One Year of Service is earned for each calendar year in which at least 1,000 hours of service are credited. Participants ceased to accrue Years of Service as of March 26, 2002 with the sale of the Company. All covered locations have been closed and there are no remaining active participants. All participants are either retired or terminated with vested benefits.

Plan Name: The Berkline Associates Pension Plan
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Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Normal Retirement Benefit

Normal Retirement Date: Age 65

Benefit Formula: The Accrued Benefit.

Normal Form of Benefit: Single life annuity, if unmarried, and 50% Joint & Survivor annuity, if married, actuarially equivalent to the single life annuity.

Accrued Benefits

The Accrued Benefit is the monthly benefit equal to the actuarial equivalent of the Individual Balance Account.

Prior Annuity Formula: The Annuity Benefit of a Participant who was a Participant in a Prior Plan shall not be less than the amount determined in accordance with the applicable Prior Plan, calculated as if the Participant had terminated employment on December 31, 1993. The types of benefits under the prior annuity formula are:

Hourly Employees: monthly annuity at Normal Retirement Age based on the appropriate Credited Service multiplied by a dollar benefit level.

Salaried Employees: monthly annuity at Normal Retirement Age based on Final Average Earnings, less a Primary Social Security benefit offset.

No Participants accrued any additional benefits under the Plan after December 31, 2001.

Individual Balance Account (Cash Balance Plan)

An Individual Balance Account (IBA) was established for each Participant, the initial balance of which was the value of the Participant's accrued benefit, as determined under the applicable Prior Plan as of December 31, 1993.

For all plan years beginning after December 31, 2001, no additional Company Credits will be made to the Individual Balance Accounts of Participants.

Interest Credits shall be credited at the end of each calendar year equal to 5% of the beginning of year IBA until the date of distribution. The credits shall be applied to a Participant's IBA as of the last day of the calendar year or, if earlier, as of the last day of the month next preceding the Participant's Annuity Starting Date.

Plan Name: The Berkline Associates Pension Plan
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Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Early Retirement Benefit

Eligibility: Age 55 with 5 or more Years of Service.

Benefit: The greater of the Actuarial Equivalent of the Individual Balance Account, or, if the Participant was a Participant in a Prior Plan, the benefit accrued under the Prior Plan, reduced by respective reduction factors under each Prior Plan.

Early Retirement Reduction Factors: For Hourly employees and the Salaried employees' portion of the benefit which is calculated based on Final Average Earnings, 0.25% for each completed calendar month by which the Annuity Starting Date precedes the Normal Retirement Date. For Salaried participants hired after July 1, 1985, the reduction of the Final Average Earnings portion of the benefit shall be 0.50% for each complete calendar month by which the Annuity Starting Date precedes the Normal Retirement Date.

For the Salaried employees' offset portion of the benefit based on the Primary Social Security Benefit, the factors are:

Age	Reduction Factor
64	.8988
63	.8103
62	.7325
61	.6639
60	.6032
59	.5493
58	.5013
57	.4583
56	.4199
55	.3853

Vested Benefits upon Termination of Service

Vesting: Participants are 100% vested upon completion of 5 Years of Service.

Termination Benefit: In the event a Participant separates from service after earning a vested right to his Accrued Benefit, but before becoming eligible for Early Retirement Benefits, he may elect to receive his vested Accrued Benefit as a deferred retirement benefit, commencing at his Normal or Early Retirement, or, if earlier, a lump sum distribution after a 4-year waiting period.

The Early Retirement reduction factors are the same as those used for the Salaried employees' offset portion of the benefit. If the Participant commences his benefit before age 55, the age 55 benefit shall be further reduced based on the actuarial equivalent basis used for conversion to optional annuity forms.

Plan Name: The Berkline Associates Pension Plan
EIN / PN: 56-1977928 / 015
Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Surviving Spouse Benefit

Eligibility: All Participants eligible for a Vested Deferred Benefit who are married at date of death automatically receive coverage.

Benefit: In the event of a Vested Participant's death prior to benefit commencement, the surviving spouse is entitled to a benefit equal to 100% of the Participant's Individual balance Account. In lieu of a lump sum payment, the Spouse may elect to receive the benefit in the form of an annuity. In no event will the annuity be less than the Actuarial Equivalent of the Pre-Retirement Survivor Annuity, which is calculated assuming that the Participant had retired on the day before his death with a 50% Joint and Survivor Annuity. If the Participant dies before age 55, the benefit would be determined as though the Participant survived to retire at age 55, electing a 50% Joint and Survivor Annuity, and died on the day after retirement.

Postponed Retirement Benefit

The benefit amount for Vested Participants who commence after their Normal Retirement Date will be actuarially increased from their Normal Retirement Date. The postponed retirement benefit is the greater of such benefit and the monthly benefit actuarially equivalent to the IBA balance as of retirement.

Optional Forms of Retirement Income in Lieu of Normal Form

Available to all participants:

Single Life Annuity; For participants with an IBA, lump sum payment of accrued benefit commencing at Normal or Early Retirement, or if earlier, a lump sum distribution after a 4-year waiting period; automatic lump sum payment for values under \$1,000.

Available to participants in the Prior Plans:

50%, 75% or 100% Joint & Survivor benefit; 5, 10, and 15 Year Certain and Life Annuity; Level Income Option.

Actuarial Equivalence for determining lump sum equivalent of accrued benefit, or the annuity equal to the IBA, is the PPA lump sum mortality with 3-segment interest rates. Actuarial equivalence for conversion to all other optional annuity forms is the Revenue Ruling 2001-62 Mortality and 6% interest.

Changes in Plan Provisions since Last Actuarial Valuation

None.

Plan Name: The Berkline Associates Pension Plan
EIN / PN: 56-1977928 / 015
Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2013

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2013	(147,227)	7	(147,227)	(24,571)
2	Shortfall	01/01/2012	(622,630)	6	(559,331)	(105,676)
3	Shortfall	01/01/2011	1,123,537	5	841,257	184,855
4	Shortfall	01/01/2010	223,667	4	139,293	37,381
5	Shortfall	01/01/2009	1,118,873	3	570,052	199,250
6	Shortfall	01/01/2008	1,921,714	2	632,495	323,870
Total					1,476,539	615,109

Plan Name: The Berklene Associates Pension Plan
 EIN / PN: 56-1977928 / 015
 Plan Sponsor: NCFII Holdings Inc. C/O Masco Corporation
 Valuation Date: January 1, 2013

THE BERKLINE ASSOCIATES PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS

December 31, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
Investments, at fair value:		
Plan interest in Master Trust, net (Note C)	\$ 5,609,163	\$ 4,984,298
Receivables:		
Employer contribution receivable	<u>260,000</u>	<u>200,000</u>
Total assets	5,869,163	5,184,298
LIABILITIES		
Accrued expenses	<u>3,372</u>	<u>5,065</u>
Total liabilities	<u>3,372</u>	<u>5,065</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 5,865,791</u>	<u>\$ 5,179,233</u>

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

THE BERKLINE ASSOCIATES PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

for the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Plan interest in Master Trust:		
Investment income, net (Note C)	\$ 691,098	\$ 647,555
Employer contributions	740,000	820,000
Benefit payments	(647,153)	(826,525)
Administrative expenses and other, net	<u>(97,387)</u>	<u>(116,084)</u>
Net increase	686,558	524,946
Net assets available for benefits:		
Beginning of year	<u>5,179,233</u>	<u>4,654,287</u>
End of year	<u>\$ 5,865,791</u>	<u>\$ 5,179,233</u>

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

THE BERKLINE ASSOCIATES PENSION PLAN

STATEMENT OF ACCUMULATED PLAN BENEFITS

as of December 31, 2012

Actuarial present value of accumulated plan
benefits (Note G):

Vested benefits:

Participants currently receiving payments	\$ 4,654,460
Other participants	<u>947,426</u>
Total vested actuarial present value of accumulated plan benefits	<u>\$ 5,601,886</u>

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

THE BERKLINE ASSOCIATES PENSION PLAN

STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

for the period from December 31, 2011 to December 31, 2012

Actuarial present value of accumulated plan benefits at December 31, 2011	\$ 6,005,030
Increase (decrease) during 2012 due to (Note G):	
Increase for interest due to decrease in discount period	405,403
Change of assumptions	10,761
Actuarial losses	7,217
Benefits paid	<u>(826,525)</u>
Total decrease	<u>(403,144)</u>
Actuarial present value of accumulated plan benefits at December 31, 2012	<u>\$ 5,601,886</u>

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

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

A. Description of Plan:

The following description of The Berkline ("Berkline") Associates Pension Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Effective July 2002, NCFII Holdings, Inc., an entity created to oversee the LifeStyle Furnishings International Ltd.'s (the "Company" or "LFI") Plans and a subsidiary of Masco Corporation, became the Plan Sponsor for the Plan.

1. *General.* The Plan is a defined benefit pension plan covering eligible employees at Berkline, a former subsidiary of the Company and prior to that, Masco Corporation. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is a cash balance plan which, before it was frozen, provided for individual participant retirement accounts that increase with benefit credits based on annual compensation and investment income.

Effective December 31, 2001, in anticipation of the sale of the assets and business of Berkline, all benefit accruals under the Plan were frozen. As a result, there will be no increases in benefits under the Plan, and no new participants will be added to the Plan, from and after December 31, 2001.

2. *Pension Benefits.* Participants with five or more years of credited service at the time the Plan was frozen or who have attained normal retirement age (65) are entitled to vested annual pension benefits beginning at normal retirement age. Generally, employees may elect to receive their pension benefits in the form of a joint and survivor annuity, lifetime annuity, or period certain annuity.

Pursuant to the Plan agreement, participants who left the Company after vesting in the Plan but before becoming eligible for early retirement may elect to receive their benefit payment any time after the earlier of reaching Early Retirement Age or at the end of the fourth calendar year following the participant's severance date. Considering the Plan freeze date, most participants became eligible for this payment effective January 1, 2006. Participants in this situation were notified of their benefit options during the 2006 Plan year by the Company.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

A. Description of Plan, concluded:

3. *Death and Disability Benefits.* If a vested participant dies before retirement, a pre-retirement survivor annuity is paid to the participant's beneficiary. This survivor annuity is payable on the first day of the calendar month following the participant's death or as soon as practicable thereafter. Disability retirement benefits are subject to offsets as described in the Plan agreement.

4. *Funding Policy.* The contributions of the Company are designed to fund an amount which falls between the minimum contribution requirements and the maximum deductible allowance, as determined annually under the provisions of the Internal Revenue Code ("IRC"). The yield on investments of the Plan serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plan. The Company's contributions for 2013 and 2012 met or exceeded the minimum funding requirements of ERISA. No participant in the Plan is required to make a contribution under the Plan.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

B. Accounting Policies:

The following is a summary of significant accounting policies (in accordance with accounting principles generally accepted in the United States of America) followed in the preparation of these financial statements.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results could differ from these estimates and assumptions.

Risks and Uncertainties

The Plan's invested assets ultimately consist of common and preferred stocks, private equity funds, corporate debt securities, government and other debt securities, collective trust fund and short-term and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities in the near term could materially affect the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

B. Accounting Policies, concluded:

Plan contributions and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Investment Valuation and Income Recognition

Investments represent the Plan's pro rata interest in the fair value of the net assets of the Masco Corporation Retirement Master Trust ("Master Trust") as determined by The Northern Trust Company ("Trustee"), using closing quoted market prices with the exception of the Private Equity Funds, Corporate Debt Securities and Government and Other Debt Securities, which are based on estimated fair value and the Common Collective Trust Fund, which is based on net asset value (NAV), which approximates fair value, as of December 31, 2013 and 2012.

Investment transactions are reflected on a trade-date basis. Realized gains and losses on investments are based on average cost. Interest income is recognized on the accrual basis of accounting. Dividend income is recorded on the ex-dividend date. Income from other securities is recorded as earned on an accrual basis.

The Plan presents in the statement of changes in net assets available for benefits the investment income from its interest in the Master Trust. The investment income is comprised of the net (depreciation) appreciation in the fair value of its investments which consists of the Plan's pro rata interest in the realized gains or losses and the unrealized (depreciation) appreciation of the investments of the Master Trust. Also included are the Plan's pro rata share of the interest and dividend income of the Master Trust. Such pro rata allocations are made monthly based on the Plan's weighted average interest in the fair value of the Master Trust net assets.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Expenses

Certain administrative expenses incurred by the Plan are paid by the Company.

Subsequent Event

The Company has evaluated subsequent events through September 19, 2014, the date the Berkline Associates Pension Plan financial statements were available to be issued.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments:

The Plan's investments at December 31, 2013 and 2012 include its 1.1 percent and 1.1 percent participation in the Master Trust, respectively.

The following table presents the fair value of the Master Trust's net assets at December 31, 2013 and 2012.

	<u>Master Trust</u>	
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Common and Preferred Stocks	\$296,622,422	\$245,390,356
Government and Other Debt Securities	106,485,575	123,571,983
Private Equity Funds	80,799,918	56,503,553
Securities Lending Collateral Pool	55,469,813	49,631,944
Corporate Debt Securities	42,596,659	31,510,057
Common Collective Trust	3,088,477	11,868,205
Short-term and Other Investments	<u>728,228</u>	<u>942,908</u>
Total Assets	<u>\$585,791,092</u>	<u>\$519,419,006</u>
<u>Liabilities</u>		
Securities Lending Collateral Payable	<u>\$(55,469,813)</u>	<u>\$(49,631,944)</u>
Total Liabilities	<u>\$(55,469,813)</u>	<u>\$(49,631,944)</u>
Net Assets	<u>\$530,321,279</u>	<u>\$469,787,062</u>

With respect to the Master Trust's investments in private equity funds, the Master Trust had, at December 31, 2013 and 2012, commitments to contribute up to \$31 million and \$18 million, respectively, of additional capital to such funds representing the Master Trust's aggregate capital commitment to such funds less capital contributions made to date. The Master Trust is contractually obligated to make additional capital contributions to certain of its private equity funds upon receipt of a capital call from the private equity fund. The Master Trust has no control over when or if the capital calls will occur. Capital calls are funded in cash and generally result in an increase in the carrying value of the Master Trust's investment in the private equity fund when paid.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments, continued:

Investment income represents interest and dividend income plus realized and unrealized gains and losses. Investment income of the Master Trust for the years ended December 31, 2013 and 2012 was \$63,036,244 and \$65,116,082 respectively (net of administrative expenses of \$1,347,323 and \$1,586,594 for the years ended December 31, 2013 and 2012, respectively). Investment income (loss) is summarized as follows:

	<u>Interest</u>	<u>Dividends</u>	<u>Net Appreciation (Depreciation)</u>
<u>December 31, 2013</u>			
Master Trust:			
Common and Preferred Stocks	\$ ---	\$3,678,641	\$ 55,341,167
Private Equity Funds	---	218,383	6,636,220
Corporate Debt Securities	1,518,118	---	(952,972)
Securities Lending Collateral Pool	272,914	---	---
Government and Other Debt Securities	4,335,703	---	(6,654,497)
Common Collective Trust Fund	7,861	---	---
Short-term and Other Investments	10,525	---	(28,496)
	<u>\$6,145,121</u>	<u>\$3,897,024</u>	<u>\$ 54,341,422</u>
<u>December 31, 2012</u>			
Master Trust:			
Common and Preferred Stocks	\$ ---	\$3,948,492	\$ 39,391,374
Private Equity Funds	---	98,576	5,157,133
Corporate Debt Securities	1,329,174	---	3,145,324
Securities Lending Collateral Pool	382,223	---	---
Government and Other Debt Securities	3,634,217	---	9,574,374
Common Collective Trust Fund	22,633	---	---
Short-term and Other Investments	9,922	---	9,234
	<u>\$5,378,169</u>	<u>\$4,047,068</u>	<u>\$ 57,277,439</u>

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments, continued:

Securities Lending:

During 2006, Masco Corporation entered into an agreement with The Northern Trust Company authorizing the Trustee to lend securities held in the Master Trust to third parties. The Trustee must obtain collateral from the borrower in the form of U.S. Government securities, irrevocable bank letters of credit, or cash. The cash collateral is invested in interest bearing accounts with The Northern Trust Company. The total collateral for the securities loaned as of December 31, 2013 and 2012 was \$55,469,813 and \$49,631,944, respectively, of which \$154,385 and \$2,392,442 was non-cash for the years ended December 31, 2013 and 2012, respectively. Both the collateral and the securities loaned are marked-to-market on a daily basis so that all loaned securities are fully collateralized at all times. The Master Trust has a corresponding liability (equal to the collateral) to repay the collateral upon return of the securities. In the event that the loaned securities are not returned by the borrower, the Trustee will purchase equivalent securities by applying the collateral to the payment of the purchase price and demand from the borrower any remaining amounts due and owing. All recoveries will be credited to the Master Trust when received.

The fair value of securities loaned by the Master Trust as of December 31, 2013 and 2012 is \$54,132,161 and \$46,550,645, respectively, as shown below by type of securities:

	<u>2013</u>	<u>2012</u>
Common stocks	\$ 46,856,256	\$ 34,678,649
Corporate debt securities	\$ 6,019,399	\$ 7,422,311
U.S. Government debt securities	\$ 1,256,506	\$ 4,449,685

The Master Trust and the Trustee each receive a percentage of the net income derived from securities lending activities based on the type of securities. Income earned by the Master Trust related to securities lending activities during 2013 and 2012 was \$191,152 and \$267,639, respectively, net of bank fees of \$81,762 and \$114,584 for the years ended December 31, 2013 and 2012, respectively.

Although the securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrowed securities will not be fully collateralized upon a sudden material change in the fair value of the loaned securities or the collateral. In 2013 and 2012, based on improving market conditions, the Master Trust did not incur any liability related to the securities lending activities.

Security lending in the Master Trust is handled via an electronic platform provided by Equilend, a joint venture of various securities lending agents and security borrowers, in which the Northern Trust Company, the Trustee, has an equity interest. Fees are not charged to the Master Trust for use of the services but are paid by the Trustee.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments, concluded:

Since Northern Trust has a financial interest in the successful operation of Equilend, Equilend has obtained a Prohibited Transaction Exemption from the U.S. Department of Labor. The exemption (a) enables Northern Trust to use Equilend's platform for lending the securities of plans and (b) permits Equilend to sell or license ancillary products to Northern Trust or to a plan to which Equilend is a party-in-interest.

D. Fair Value Measurements:

The Plan follows fair value guidance (ASC 820) that defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The guidance defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Further, it defines a fair value hierarchy, as follows: Level 1 inputs as quoted prices in active markets for identical assets or liabilities; Level 2 inputs as observable inputs other than Level 1 prices, such as quoted market prices for similar assets or liabilities or other inputs that are observable or can be corroborated by market data; and Level 3 inputs as unobservable inputs that are supported by little or no market activity and that are financial instruments whose value is determined using pricing models or instruments for which the determination of fair value requires significant management judgment or estimation.

The Trust has a target asset allocation of the investment portfolio that was developed with the objective of achieving an expected rate of return and reducing the volatility of asset returns. Our investments seek to minimize the volatility of the value of the Plan assets relative to pension liabilities and ensure Plan assets are sufficient to pay Plan benefits. We use a portfolio mix of equity investments and fixed-income securities to obtain these objectives. Equity securities are invested in individual securities or funds that are expected to mirror broad market returns for equity securities. Over time, these equity investments are expected to earn higher returns with more volatility than fixed-income investments. Risks in these investments are broadly diversified by geography, market capitalization, manager mandate size, investment style and process. To minimize asset volatility relative to liabilities, a portion of Plan assets are allocated to fixed-income investments that are exposed to interest rate risk. Rate increases and decreases generally will result in a corresponding increase or decrease in fixed-income assets, with offsetting increases or decreases in the present value of liabilities. The fixed-income portfolio invests in corporate bonds, bond index funds or U.S. Treasury securities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Common and Preferred Stocks and Short-Term and Other Investments: Valued at the closing price reported on the active market on which the individual securities are traded, or based on the active market for similar securities. Certain investments are valued based on a net asset value basis (NAV) which approximates fair value at December 31, 2013 and 2012, respectively. Such basis is determined by referencing to the respective fund's underlying assets. There are no unfunded commitments or other restrictions associated with these funds.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements, continued:

Private Equity Funds: Valued based on an estimated fair value using either a market approach or an income approach, each of which requires a significant degree of judgment. There are no quoted market prices, and sufficient information is not readily available for the Company to utilize a valuation model to determine the fair value for each fund; as such, these funds are valued at NAV. These investments are evaluated, on a non-recurring basis, for potential other-than-temporary impairment when impairment indicators are present, or when an event or change in circumstances has occurred, that may have a significant adverse effect on the fair value of the investment. There is no active trading market for these investments and they are for the most part illiquid. Due to the significant unobservable inputs, the fair value measurements used to evaluate impairment are a Level 3 input.

Corporate Debt Securities: Valued based on the active market for similar securities or on estimated fair value. For a portion of Corporate Debt Securities there is no active trading market and they are for the most part illiquid. Due to the significant unobservable inputs for these securities, the fair value measurements used to evaluate impairment are a Level 3 input.

Government and Other Debt Securities: Valued based on either the closing price reported on the active market on which the individual securities are traded, the market for similar securities or on estimated fair value. For a portion of Government and Other Debt Securities there is no active trading market and they are for the most part illiquid. Due to the significant unobservable inputs for these securities, the fair value measurements used to evaluate impairment are a Level 3 input.

Common Collective Trust Fund and Securities Lending Collateral Pool: Valued based on NAV, which approximates fair value as of December 31, 2013 and 2012, respectively. Such basis is determined by reference to the respective fund's underlying assets, which are primarily marketable equity and fixed income securities. There are no unfunded commitments or other restrictions associated with these funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements, continued:

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2013 and 2012.

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Common and Preferred				
Stocks:				
<i>United States</i>	\$140,215,456	\$107,490,524	\$ --	\$247,705,980
<i>International</i>	33,500,440	15,416,002	--	48,916,442
Private Equity Funds and Hedges				
<i>United States</i>	--	--	56,157,720	56,157,720
<i>International</i>	--	--	24,642,198	24,642,198
Securities Lending				
Collateral Pool	--	55,469,813	--	55,469,813
Corporate Debt				
Securities:				
<i>United States</i>	--	32,520,665	27,742	32,548,407
<i>International</i>	--	9,773,262	274,990	10,048,252
Government and Other				
Debt Securities:				
<i>United States</i>	79,015,898	1,354,868	--	80,370,766
<i>International</i>	22,399,475	3,271,892	443,442	26,114,809
Common Collective Trust				
Fund	--	3,088,477	--	3,088,477
Short-Term and Other				
Investments	728,228	--	--	728,228
Total Assets at Fair Value	<u>\$275,859,497</u>	<u>\$228,385,503</u>	<u>\$ 81,546,092</u>	<u>\$585,791,092</u>
<u>Liabilities</u>				
Securities Lending				
Collateral Payable	\$ --	\$ (55,469,813)	\$ --	\$ (55,469,813)
Total Liabilities at Fair Value	<u>\$ --</u>	<u>\$ (55,469,813)</u>	<u>\$ --</u>	<u>\$ (55,469,813)</u>
Net Assets	<u>\$275,859,497</u>	<u>\$172,915,690</u>	<u>\$ 81,546,092</u>	<u>\$530,321,279</u>

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements, concluded:

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Common and Preferred				
Stocks:				
<i>United States</i>	\$126,250,422	\$ 61,556,747	\$ --	\$187,807,169
<i>International</i>	47,119,625	10,463,562	--	57,583,187
Private Equity Funds	--	--	56,503,553	56,503,553
Securities Lending				
Collateral Pool	--	49,631,944	--	49,631,944
Corporate Debt				
Securities:				
<i>United States</i>	--	19,977,706	218,756	20,196,462
<i>International</i>	--	10,840,249	473,346	11,313,595
Government and Other				
Debt Securities:				
<i>United States</i>	51,305,051	42,574,454	--	93,879,505
<i>International</i>	23,832,995	4,626,074	1,233,408	29,692,477
Common Collective Trust				
Fund	--	11,868,206	--	11,868,206
Short-Term and Other				
Investments	942,908	--	--	942,908
Total Assets at Fair Value	<u>\$249,451,001</u>	<u>\$211,538,942</u>	<u>\$ 58,429,063</u>	<u>\$519,419,006</u>
Liabilities				
Securities Lending				
Collateral Payable	\$ --	\$ (49,631,944)	\$ --	\$ (49,631,944)
Total Liabilities at Fair Value	<u>\$ --</u>	<u>\$ (49,631,944)</u>	<u>\$ --</u>	<u>\$ (49,631,944)</u>
Net Assets	<u>\$249,451,001</u>	<u>\$161,906,998</u>	<u>\$ 58,429,063</u>	<u>\$469,787,062</u>

The table below sets forth a summary of changes in the fair value of the Master Trust's level 3 assets for the year ended December 31, 2013 and 2012.

	Year Ended December 31,	
	2013	2012
Balance, beginning of year	\$ 58,429,063	\$ 52,974,638
Purchases	25,224,788	9,258,528
Sales	(8,579,854)	(9,080,251)
Unrealized gains	6,472,095	5,276,148
Balance, end of year	<u>\$ 81,546,092</u>	<u>\$ 58,429,063</u>

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Continued

E. Income Tax Status:

The Internal Revenue Service ("IRS") determined and informed the Company by letter dated June 10, 2013 that the Plan and the related trust are designed in accordance with applicable sections of the IRC. No provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

F. Related Parties:

Certain Plan investments are investments managed by the Plan's Trustee. Therefore, the purchases and sales qualify as party-in-interest transactions. Additionally, the Master Trust participates in Securities Lending programs of the Trustee.

The Plan has an interest in the Master Trust which, in 2012, invested in Masco Corporation Common Stock. As of December 31, 2012, the value of Masco Corporation Common Stock in the Master Trust was \$10,164,832. All shares of Masco Corporation common stock were sold during 2013.

G. Actuarial Present Value of Accumulated Plan Benefits:

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) beneficiaries of employees who have died. Benefits under the Plan are based on employees' credited years of service. Benefits payable under all circumstances (retirement, death, disability and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial present value of accumulated plan benefits is determined by an actuary from Towers Watson and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

THE BERKLINE ASSOCIATES PENSION PLAN

NOTES TO FINANCIAL STATEMENTS, Concluded

G. Actuarial Present Value of Accumulated Plan Benefits, concluded:

The significant actuarial assumptions used in the valuation as of December 31, 2012 were (a) life expectancy of participants - the prescribed mortality assumption under Internal Revenue Code 430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants, (b) retirement age assumptions (the assumed retirement age was 65 for 2012), (c) discount rate assumption of 7.25 percent in 2013 and 2012. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The computation of the actuarial present value of accumulated plan benefits was made as of January 1, 2013. Had the valuations been performed as of December 31, there would be no material differences.

H. Plan Termination:

Although there is no present intent to terminate the Plan, if the Plan were to terminate at some future time, the net assets of the Plan will be allocated to provide benefits for participants as prescribed by ERISA and its related regulations. To the extent unfunded vested benefits exist, such benefits will be paid by the Pension Benefit Guaranty Corporation, up to applicable limitations. Plan termination priorities are available from the Pension Benefit Guaranty Corporation.

I. Summary of Financial Data Provided by the Trustee:

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the following information was certified by the Trustee as complete and accurate and was not subjected to any auditing procedures performed by the independent auditors.

- a. Plan interest in Master Trust, net, excluding private equity funds, as shown on the accompanying statements of net assets available for benefits of \$5,050,524 and \$4,384,812 as of December 31, 2013 and 2012, respectively.
- b. Investment income (loss), net, excluding private equity funds, as shown in the accompanying statements of changes in net assets available for benefits of \$594,228 and \$635,100 for the years ended December 31, 2013 and 2012, respectively.
- c. Total Master Trust assets, interest, dividends and net appreciation, excluding private equity funds, as shown in the accompanying Note C.