

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: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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 MASCO CORPORATION PENSION PLAN	1b Three-digit plan number (PN) ▶	<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;">014</div>	
	1c Effective date of plan <u>03/01/1959</u>		
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) MASCO CORPORATION ATTN: BENEFITS DEPARTMENT 21001 VAN BORN ROAD TAYLOR, MI 48180	2b Employer Identification Number (EIN) <u>38-1794485</u>	2c Plan Sponsor's telephone number <u>313-274-7400</u>	2d Business code (see instructions) <u>332510</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.	<u>10/08/2015</u>	<u>STEVE ARMBRUSTER</u>
	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		3b Administrator's EIN	
		3c Administrator's telephone number	
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:		4b EIN	
a Sponsor's name		4c PN	
5 Total number of participants at the beginning of the plan year		5	4853
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	1150
a(2) Total number of active participants at the end of the plan year		6a(2)	922
b Retired or separated participants receiving benefits		6b	1457
c Other retired or separated participants entitled to future benefits.....		6c	2188
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	4567
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	244
f Total. Add lines 6d and 6e		6f	4811
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: 1A 1I 3H			
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)		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	
(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		b General Schedules	
(1)	☒	(1)	☒
R (Retirement Plan Information)		H (Financial Information)	
(2)	☐	(2)	☐
MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary		I (Financial Information – Small Plan)	
(3)	☒	(3)	☐
SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		A (Insurance Information)	
		(4)	☐
		C (Service Provider Information)	
		(5)	☒
		D (DFE/Participating Plan Information)	
		(6)	☐
		G (Financial Transaction Schedules)	

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

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 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

▶ **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>MASCO CORPORATION PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>MASCO CORPORATION</u>	D Employer Identification Number (EIN) <u>38-1794485</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 <u>01</u> Day <u>01</u> Year <u>2014</u>	
2 Assets:	
a Market value	2a <u>242887383</u>
b Actuarial value	2b <u>227746739</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Vested Funding Target (3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....	<u>1610</u> <u>116759860</u> <u>116759860</u>
b For terminated vested participants.....	<u>2093</u> <u>75748222</u> <u>75748222</u>
c For active participants.....	<u>1150</u> <u>59688773</u> <u>59727133</u>
d Total.....	<u>4853</u> <u>252196855</u> <u>252235215</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>6.51</u> %
6 Target normal cost	6 <u>1700000</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		<u>10/06/2015</u>
	Signature of actuary	Date
<u>ROBERT W.E. NEWTON</u>	Type or print name of actuary	<u>14-04032</u>
		Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	Firm name	<u>248-936-7700</u>
		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) 2014
v. 140124

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	0
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	0
10 Interest on line 9 using prior year's actual return of <u>13.34</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		20737
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.34</u> %		1315
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		22052
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	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	90.29 %
15 Adjusted funding target attainment percentage	15	90.29 %
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	82.47 %
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
04/01/2014	3320000	0			
07/01/2014	3320000	0			
10/01/2014	3320000	0			
01/02/2015	2630000	0			
			Totals ▶	18(b)	12590000
				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	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	12120437
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
0	0	0
		(4) 4th
		0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.99 %	2nd segment: 6.32 %	3rd segment: 6.99 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 64
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	0
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	1700000	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	24488476	10401077	
b Waiver amortization installment	0	0	
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	12101077	
	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	12101077	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	12120437	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	19360	
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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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>MASCO CORPORATION PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MASCO CORPORATION</u>	D Employer Identification Number (EIN) <u>38-1794485</u>	

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)	5880000	2630000
(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)	237135649	246106485
(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	243015649	248736485

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	0	87139
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	87139

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	243015649	248649346
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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)	12590000	
(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)		12590000
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)		5566552
(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		18156552

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	12522855	
(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)		12522855
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		12522855

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		5633697
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		20000000
4e			
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	
4f			
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	
4g			
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	
4h			
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	
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
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.			
4n			

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

<div>SCHEDULE R (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>		<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014					
A Name of plan MASCO CORPORATION PENSION PLAN				B Three-digit plan number (PN) ▶	014
C Plan sponsor's name as shown on line 2a of Form 5500 MASCO CORPORATION				D Employer Identification Number (EIN) 38-1794485	
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	0
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): 38-2470859					
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	6
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					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.					
Schedule R (Form 5500) 2014 v. 140124					

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: 51.0% Investment-Grade Debt: 27.0% High-Yield Debt: 3.0% Real Estate: 0.0% Other: 19.0%

- 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

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To the Trustee and Participants of
Masco Corporation Pension Plan
Report on the financial statements

We were engaged to audit the accompanying financial statements of Masco Corporation Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013 and the related statements of changes in net assets available for benefits for the years then ended, and the statement of accumulated plan benefits as of December 31, 2013 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, 2014 and 2013, 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 30, 2015

**MASCO CORPORATION
PENSION PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS**

December 31,

ASSETS	<u>2014</u>	<u>2013</u>
Investments, at fair value:		
Plan interest in Master Trust, net (Note C)	\$246,106,485	\$237,135,649
Receivables:		
Employer contribution receivable	<u>2,630,000</u>	<u>5,880,000</u>
Total assets	248,736,485	243,015,649
LIABILITIES		
Accrued expenses	<u>87,139</u>	<u>- -</u>
Total liabilities	<u>87,139</u>	<u>- -</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$248,649,346</u>	<u>\$243,015,649</u>

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

**MASCO CORPORATION
PENSION PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS**

for the years ended December 31,

	<u>2014</u>	<u>2013</u>
Plan interest in Master Trust:		
Investment income, net (Note C)	\$ 8,218,345	\$ 28,655,355
Employer contributions	12,590,000	13,990,000
Benefit payments	(12,522,855)	(11,668,210)
Administrative expenses and other, net	<u>(2,651,793)</u>	<u>(1,711,774)</u>
Net increase	5,633,697	29,265,371
Net assets available for benefits:		
Beginning of year	<u>243,015,649</u>	<u>213,750,278</u>
End of year	<u><u>\$248,649,346</u></u>	<u><u>\$243,015,649</u></u>

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

**MASCO CORPORATION
PENSION PLAN**

STATEMENT OF ACCUMULATED PLAN BENEFITS

as of December 31,

	<u>2013</u>
Actuarial present value of accumulated plan benefits (Note G):	
Vested benefits:	
Participants currently receiving payments	\$118,319,214
Other participants	<u>131,421,839</u>
	249,741,053
Non-vested benefits	<u>37,819</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$249,778,872</u></u>

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

**MASCO CORPORATION
PENSION PLAN**

STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

for the period from December 31, 2012 to December 31, 2013

Actuarial present value of accumulated plan benefits at December 31, 2012	\$227,649,214
Increase (decrease) during 2013 due to (Note G):	
Increase for interest due to decrease in discount period	16,081,595
Change of assumptions	17,528,696
Actuarial losses	187,577
Benefits paid	<u>(11,668,210)</u>
Net increase	<u>22,129,658</u>
Actuarial present value of accumulated plan benefits at December 31, 2013	<u>\$249,778,872</u>

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

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS

A. Description of Plan:

The following description of the Masco Corporation ("Company" or "Plan Sponsor") Pension Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. *General.* The Plan is a defined benefit pension plan covering eligible employees at various divisions and subsidiaries of the Company. The Plan Sponsor is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan is administered by the Company's Pension Trust Investment Committee ("Committee"), which is a committee of members of management of the Company. The Committee has overall responsibility for the operation and administration of the Plan. The Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's Board of Trustees.

2. *Pension Benefits.* Effective January 1, 2010 no employee was eligible to commence participation into the Plan, the accrued benefit for each employee participating within the Plan at that time was frozen and no credited service or compensation earned subsequent to that date was taken into account in the calculation of the accrued benefit. Generally, employees 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, this benefit is equal to 1.1 percent of their final average compensation for each year of credited service (up to a maximum of 30 years). The Plan permits early retirement after completion of five years of service and attainment of age 55. Generally, employees may elect to receive their pension benefits in the form of a joint and survivor annuity, lifetime annuity or period certain annuity. If employees terminate before becoming vested, they forfeit their right to receive their accumulated plan benefits.

3. *Death and Disability Benefits.* If a vested participant dies before retirement, a pre-retirement survivor annuity is paid to the employee's spouse. This survivor annuity is payable on the earliest date on which the participant could have elected to receive retirement benefits if the participant had survived. Active employees with ten or more years of service who become totally and permanently disabled and eligible for disability retirement benefits shall receive annual disability benefits that are equal to their normal retirement benefit accumulated as of the date they become disabled. 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 2014 and 2013 met or exceeded the minimum funding requirements of ERISA. The Company made contributions of \$12,590,000 and \$13,990,000 for the 2014 and 2013 Plan years, respectively. No participant in the Plan is required to make a contribution under the Plan.

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

A. Description of Plan, concluded:

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 and hedge 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 reasonably possible that changes in values of investment securities in the near term could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions and the actuarial present value of accumulated plan benefits are reported 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 reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

B. Accounting Policies, continued:

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"). The Plan's Committee determines the Plan's valuation policies utilizing information provided by its investment advisors and Trustee. See Note D for a discussion of fair value measurements.

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 statements 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 appreciation (depreciation) 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 appreciation (depreciation) 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.

Administrative Expenses

The Plan's expenses are paid either by the Plan or the Company, as provided by the Plan document. Expenses that are paid directly by the Company are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in investment income, net presented in the accompanying statements of changes in net assets available for benefits.

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

B. Accounting Policies, concluded:

Recently Issued Accounting Pronouncements

In May 2015 the Financial Accounting Standards Board ("FASB") issued updated guidance related to fair value measurement and the disclosures for investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). Under the updated guidance, investments for which fair value is measured at NAV per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy disclosure. The updated guidance is effective for the Plan for fiscal years beginning after December 15, 2016 and shall apply retrospectively to all periods presented. The Plan's administrator is currently evaluating the impact the updated guidance will have on the Plan's financial statements.

In July 2015, the FASB issued guidance which simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. The guidance is three-part and relates to (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted. The Plan's administrator is currently evaluating the impact the updated guidance will have on the Plan's financial statements.

C. Investments:

The Plan's investments at December 31, 2014 and 2013 include its 44.5 and 44.7 percent participation in the Master Trust, respectively.

The following table presents the fair value of the Master Trust's net assets at December 31, 2014 and 2013.

	Master Trust	
	2014	2013
<u>Assets</u>		
Common and Preferred Stocks	\$295,367,053	\$296,622,422
Government and Other Debt Securities	91,210,828	106,485,575
Private Equity and Hedge Funds	86,851,700	80,799,918
Securities Lending Collateral Pool	51,164,504	55,469,813
Corporate Debt Securities	72,850,184	42,596,659
Common Collective Trust Fund	4,689,077	3,088,477
Short-term and Other Investments	2,275,881	728,228
Total Assets	<u>\$604,409,227</u>	<u>\$585,791,092</u>
<u>Liabilities</u>		
Securities Lending Collateral Payable	<u>\$(51,164,504)</u>	<u>\$(55,469,813)</u>
Total Liabilities	<u>\$(51,164,504)</u>	<u>\$(55,469,813)</u>
Net Assets	<u>\$553,244,723</u>	<u>\$530,321,279</u>

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments, continued:

With respect to the Master Trust's investments in private equity and hedge funds, the Master Trust had, at December 31, 2014 and 2013, commitments to contribute up to \$22 million and \$31 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.

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, 2014 and 2013 was \$16,803,774 and \$63,036,244 respectively (net of administrative expenses of \$1,793,061 and \$1,347,323 for the years ended December 31, 2014 and 2013, respectively). Investment income (loss) is summarized as follows:

	<u>Interest</u>	<u>Dividends</u>	<u>Net Appreciation (Depreciation)</u>	<u>Total</u>
<u>December 31, 2014</u>				
Master Trust:				
Common and Preferred Stocks	\$ --	\$4,475,110	\$6,768,711	\$11,243,821
Private Equity and Hedge Funds	--	50,040	2,434,175	2,484,215
Corporate Debt Securities	1,782,899	--	701,086	2,483,985
Securities Lending Collateral Pool	298,687	--	--	298,687
Government and Other Debt Securities	4,654,667	--	(2,588,979)	2,065,688
Common Collective Trust Fund	6,136	--	--	6,136
Short-term and Other Investments	10,289	--	4,014	14,303
	<u>\$6,752,678</u>	<u>\$4,525,150</u>	<u>\$7,319,007</u>	<u>\$18,596,835</u>
<u>December 31, 2013</u>				
Master Trust:				
Common and Preferred Stocks	\$ --	\$3,678,641	\$55,341,167	\$59,019,808
Private Equity and Hedge Funds	--	218,383	6,636,220	6,854,603
Corporate Debt Securities	1,518,118	--	(952,972)	565,146
Securities Lending Collateral Pool	272,914	--	--	272,914
Government and Other Debt Securities	4,335,703	--	(6,654,497)	(2,318,794)
Common Collective Trust Fund	7,861	--	--	7,861
Short-term and Other Investments	10,525	--	(28,496)	(17,971)
	<u>\$6,145,121</u>	<u>\$3,897,024</u>	<u>\$54,341,422</u>	<u>\$64,383,567</u>

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

C. Investments, concluded:

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, 2014 and 2013 was \$51,164,504 and \$55,469,813, respectively, of which \$121,225 and \$154,385 was non-cash for the years ended December 31, 2014 and 2013, 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, 2014 and 2013 is \$49,564,649 and \$54,132,161, respectively, as shown below by type of securities:

	<u>2014</u>	<u>2013</u>
Common stocks	\$ 43,457,145	\$ 46,856,256
Corporate debt securities	4,862,088	6,019,399
U.S. Government debt securities	1,245,416	1,256,506
	<u>\$ 49,564,649</u>	<u>\$ 54,132,161</u>

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 2014 and 2013 was \$175,891 and \$191,152, respectively, net of bank fees of \$75,211 and \$81,762 for the years ended December 31, 2014 and 2013, 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 2014 and 2013, 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.

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.

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements:

The Plan follows fair value guidance (Accounting Standards Codification ("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, 2014 and 2013.

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 short-term and other investments are valued based on NAV which approximates fair value at December 31, 2014 and 2013, 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.

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements, continued:

Private Equity and Hedge 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 estimate fair value 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 estimate fair value 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 estimate fair value 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, 2014 and 2013, 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.

**MASCO CORPORATION
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, 2014 and 2013.

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Common and Preferred Stocks:				
<i>United States</i>	\$132,834,392	\$113,584,567	\$ --	\$246,418,959
<i>International</i>	33,773,138	15,174,956	--	48,948,094
Private Equity and Hedge Funds:				
<i>United States</i>	--	--	60,579,991	60,579,991
<i>International</i>	--	--	26,271,709	26,271,709
Securities Lending Collateral Pool	--	51,164,504	--	51,164,504
Corporate Debt Securities:				
<i>United States</i>	--	47,865,614	27,492	47,893,106
<i>International</i>	--	24,694,583	262,495	24,957,078
Government and Other Debt Securities:				
<i>United States</i>	64,190,897	1,786,179	--	65,977,076
<i>International</i>	24,043,182	914,128	276,442	25,233,752
Common Collective Trust Fund	--	4,689,077	--	4,689,077
Short-Term and Other Investments	<u>2,275,881</u>	<u>--</u>	<u>--</u>	<u>2,275,881</u>
Total Assets at Fair Value	<u>\$257,117,490</u>	<u>\$259,873,608</u>	<u>\$87,418,129</u>	<u>\$604,409,227</u>
<u>Liabilities</u>				
Securities Lending Collateral Payable	\$ --	\$(51,164,504)	\$ --	\$(51,164,504)
Total Liabilities at Fair Value	\$ --	\$(51,164,504)	\$ --	\$(51,164,504)
Net Assets	<u>\$257,117,490</u>	<u>\$208,709,104</u>	<u>\$ 87,418,129</u>	<u>\$553,244,723</u>

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

D. Fair Value Measurements, concluded:

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
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 and Hedge Funds:				
<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	\$275,859,497	\$228,385,503	\$81,546,092	\$585,791,092
Liabilities				
Securities Lending Collateral Payable	\$ --	\$(55,469,813)	\$ --	\$(55,469,813)
Total Liabilities at Fair Value	\$ --	\$(55,469,813)	\$ --	\$(55,469,813)
Net Assets	\$275,859,497	\$172,915,690	\$ 81,546,092	\$530,321,279

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, 2014 and 2013.

	Year Ended December 31,	
	2014	2013
Balance, beginning of year	\$ 81,546,092	\$ 58,429,063
Purchases	13,198,833	25,224,788
Sales	(9,730,871)	(8,579,854)
Unrealized gains	2,404,075	6,472,095
Balance, end of year	\$ 87,418,129	\$ 81,546,092

**MASCO CORPORATION
PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS, Continued

E. Income Tax Status:

The Internal Revenue Service ("IRS") determined and informed the Company by letter dated August 7, 2012 that the Plan and the related trust are designed in accordance with applicable sections of the IRC. The Plan has since been amended; however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, 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, 2014, 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.

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, (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' credited years of service. The accumulated benefits for active employees are based on their accumulated credited years of service ending on the date as of which the benefit information is presented. 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, withdrawal or retirement) between the valuation date and the expected date of payment.

**MASCO CORPORATION
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, 2013 were (a) life expectancy of participants - the Plan changed to the RP-2014 annuitants and non-annuitants white collar adjusted mortality tables with a generational MP-2014 improvement scale in 2014, (b) retirement age assumption (the assumed weighted average retirement age was 63.7), and (c) investment return (the assumed rate of return of 7.25 percent in 2013). 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, 2014. 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 first be allocated to provide benefits for participants as prescribed by ERISA and its related regulations. All remaining net assets, to the extent unfunded vested benefits exist, will be paid by the Pension Benefit Guaranty Corporation or in accordance with the Plan document, 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 2520.103-8 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 and hedge funds, as shown on the accompanying statements of net assets available for benefits of \$207,471,202 and \$213,518,359 as of December 31, 2014 and December 31, 2013, respectively.
- b. Plan interest in Master Trust, investment income, net, excluding private equity and hedge funds, as shown in the accompanying statements of changes in net assets available for benefits of \$6,369,941 and \$25,121,884 for the years ended December 31, 2014 and December 31, 2013, respectively.
- c. Total Master Trust net assets, interest, dividends and net appreciation, excluding private equity and hedge funds, as shown in the accompanying Note C.

J. Subsequent Events:

The Plan has evaluated subsequent events through September 30, 2015, the date the Masco Corporation Pension Plan financial statements were available to be issued. No events were identified that required disclosure within the financial statements.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data for Frozen Plans as of January 1, 2014

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.
Under 25	1		0		0		0		0		0		0		0		0		0	
25 – 29	4		15		0		0		0		0		0		0		0		0	
30 – 34	6		33	1,412	27	3,432	1		0		0		0		0		0		0	
35 - 39	5		42	1,686	51	4,430	19		0		0		0		0		0		0	
40 - 44	8		32	2,212	52	5,431	45	8,445	18		4		0		0		0		0	
45 - 49	9		45	2,445	65	5,606	45	9,884	32	13,651	17		5		0		0		0	
50 - 54	4		30	3,284	45	7,351	43	10,418	30	13,392	27	17,942	26	21,932	4		0		0	
55 - 59	3		22	2,416	23	6,303	39	11,366	26	16,690	35	19,860	29	22,205	22	25,566	2		0	
60 - 64	1		11		23	6,952	19		19		13		24	22,948	12		4		0	
65 - 69	0		1		7		5		3		3		7		4		0		0	
70 & Over	0		1		0		1		0		1		0		0		0		0	

The Plan is “hard frozen” and the average accrued benefits are shown in lieu of compensation.

Plan Name: Masco Corporation Pension Plan
 EIN / PN: 38-1794485 / 014
 Plan Sponsor: Masco Corporation
 Valuation Date: January 1, 2014

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 extended corridor applied for funding Yes
- MAP-21 extended corridor applied for benefit restrictions Yes

Interest Rates

	Reflecting Extended Corridors	Not Reflecting Corridors
● First segment rate	4.99%	1.37%
● Second segment rate	6.32%	4.05%
● Third segment rate	6.99%	5.06%
● Effective interest rate	6.51%	4.41%

ASC 960 Discount Rate: 7.25%

Assumed Cost of Living Adjustments

None.

Inclusion Date

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

Plan Name:	Masco Corporation Pension Plan
EIN / PN:	38-1794485 / 014
Plan Sponsor:	Masco Corporation
Valuation Date:	January 1, 2014

SCHEDULE SB ATTACHMENTS

Administrative Expenses

The amount included this year for administrative expenses is \$1,700,000. 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.

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age are shown below.

Age	Percentage retiring during the year
55	3.25
56	3.25
57	3.25
58	3.25
59	3.25
60	3.25
61	5.00
62	15.00
63	15.00
64	15.00
65	50.00
66	40.00
67	40.00
68	100.00

The weighted average retirement age is 63.7, determined by weighting each potential retirement age by the number of current active employees expected to retire at such age, as determined by the above retirement rates.

Participants with deferred benefits are assumed to retire at age 62.

Disability Rates (per 100 employees)

None.

Plan Name: Masco Corporation Pension Plan
EIN / PN: 38-1794485 / 014
Plan Sponsor: Masco Corporation
Valuation Date: January 1, 2014

SCHEDULE SB ATTACHMENTS

Compensation Increases

No further increases are assumed after January 1, 2010 due to the plan freeze on that date.

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

Select Table

Percentage leaving during the year	
Years of Service	Rate
0	20.00
1	20.00
2	15.00
3	15.00

Ultimate Table

Percentage leaving during the year	
Attained Age	Rate
20	12.54
25	10.97
30	8.35
35	6.29
40	5.52
45	4.83
50	4.53
55	4.14
60	2.79
65 and over	0.00

Plan Name: Masco Corporation Pension Plan
EIN / PN: 38-1794485 / 014
Plan Sponsor: Masco Corporation
Valuation Date: January 1, 2014

SCHEDULE SB ATTACHMENTS

Form of Payment

Participants are assumed to elect the normal form.

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. The assumed form of payment for a married participant is the 50% Qualified Joint and Survivor Annuity. Single participants are assumed to elect the 5 Year Certain and Life Annuity.

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

Compensation assumed paid in the current year beginning on the valuation date is the current annual rate of pay.

Asset Method

Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings 7.25%, with such expected earnings limited as described in IRS Notice 2009-22. The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2013 plan year.)

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.

Participant Data

Participant data was supplied electronically by Masco Corporation as of the valuation date.

Plan Name:	Masco Corporation Pension Plan
EIN / PN:	38-1794485 / 014
Plan Sponsor:	Masco Corporation
Valuation Date:	January 1, 2014

SCHEDULE SB ATTACHMENTS

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2014 is used to determine the maximum deductible contribution for the tax year ending December 31, 2014.

Benefits not Included in Valuation

None.

Plan Name:	Masco Corporation Pension Plan
EIN / PN:	38-1794485 / 014
Plan Sponsor:	Masco Corporation
Valuation Date:	January 1, 2014

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 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

► **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 MASCO CORPORATION PENSION PLAN	B Three-digit plan number (PN) ►	014
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF MASCO CORPORATION	D Employer Identification Number (EIN) 38-1794485	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2014</u>			
2 Assets:			
a Market value	2a	242887383	
b Actuarial value	2b	227746739	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	1610	116759860	116759860
b For terminated vested participants	2093	75748222	75748222
c For active participants	1150	59688773	59727133
d Total	4853	252196855	252235215
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	6.51%	
6 Target normal cost	6	1700000	

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="font-size: 2em; font-family: cursive;">RN</div> Signature of actuary ROBERT W.E. NEWTON Type or print name of actuary TOWERS WATSON DELAWARE INC. Firm name 28411 NORTHWESTERN HIGHWAY SOUTHFIELD MI 48034 Address of the firm	<div style="font-size: 1.5em;">10/6/15</div> Date 1404032 Most recent enrollment number 248-936-7700 Telephone number (including area code)
------------------	---	---

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) 2014 v. 140124**

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
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	0
10 Interest on line 9 using prior year's actual return of <u>13.34%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		20737
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.34%</u>		1315
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		22052
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	0

14	Funding target attainment percentage	14	90.29%
15	Adjusted funding target attainment percentage	15	90.29%
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	82.47%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

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
04/01/2014	3320000	0			
07/01/2014	3320000	0			
10/01/2014	3320000	0			
01/02/2015	2630000	0			
Totals ►			18(b)	12590000	18(c)

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	12120437

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

(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: 4.99%	2nd segment: 6.32%	3rd segment: 6.99%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 64
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	0
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	1700000	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
	24488476	10401077	
b Waiver amortization installment	0	0	
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	12101077	
	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	12101077	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	12120437	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	19360	
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, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2014

See Part V for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

Plan Name: Masco Corporation Pension Plan
EIN / PN: 38-1794485 / 014
Plan Sponsor: Masco Corporation
Valuation Date: January 1, 2014

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V – Summary of plan provisions

Plan Sponsor

Masco Corporation

Plan

Masco Corporation Pension Plan

Effective Date and Most Recent Amendment

The plan was originally effective March 1, 1959. The last amendment reflected herein was effective January 1, 2010.

Plan Year

The twelve-month period ending December 31, 2014.

Coverage and Participation

All salaried employees at the designated divisions or subsidiaries of the Company. Employees become participants on date of hire.

No participants will be able to enter the plan after January 1, 2010.

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SCHEDULE SB ATTACHMENTS

Credited Service

Credited Service is equal to the Employee's service from date of hire or date of retirement or termination measured in whole years and fractions thereof to the nearest one-twelfth year. No credited service is earned prior to the date shown for the following companies:

Alsons Corporation	–	January 1, 1997
American Metal Products - California	–	January 1, 1975
American Metal Products - Tennessee & Mississippi	–	January 1, 1975
Corona Products Corp.	–	January 1, 1975
American Shower & Bath - MI	–	January 1, 1982
BrassCraft	–	January 1, 1984
Marvel Metal Products	–	January 1, 1983
Masco Building Products Corporation - Corporate	–	January 1, 1991
American Metal Products - California (Waste King Employees)	–	January 1, 1993
American Shower & Bath - NJ	–	June 1, 1994
Contractor Services	–	January 1, 2001
Masterchem Industries, Inc.	–	January 1, 1991

Credited Service will be frozen as of the date of the plan freeze at January 1, 2010. No additional Credited Service will be accrued after this date.

Vesting Service

A Participant earns Years of Service based on elapsed time from date of hire, where 12 months or 365 days equal one year, except at the BrassCraft location, where years of service for vesting is calculated from January 1, 1984.

Vesting Service will continue to accrue after the plan freeze at January 1, 2010.

Final Average Compensation

This term refers to the Employee's total Compensation for 5 consecutive Plan Years during which the Employee received the greatest amount of compensation, divided by 5.

Final Average Compensation will be frozen as of January 1, 2010.

Plan Name:	Masco Corporation Pension Plan
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SCHEDULE SB ATTACHMENTS

Normal Retirement Benefit

Normal Retirement Date: Age 65

Accrued Benefit: Based on the following formula, payable one-twelfth monthly:

- A. 1.1% of Final Average Compensation times years of Credited Service (maximum 30 years), after July 1, 1971 contained in the initial 30 years of all Credited Service under the Plan, plus
- B. 1.1% of the first \$9,000 of Final Average Compensation plus 1.3% of Final Average Compensation in excess of \$9,000 times the years of Credited Service prior to July 1, 1971 contained in the initial 30 years of Credited Service prior to retirement.

Normal Form of Benefit: 5 year certain and life annuity, if unmarried, and 50% Joint & Survivor annuity, if married, actuarially equivalent to the 5 year certain and life annuity.

Early Retirement Benefit

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

Benefit: Accrued Benefit as of Early Retirement Date reduced for commencement before age 65 to reflect the increased payment period. The reduction is 5/9ths of 1% for each of the first 60 months plus 5/18ths of 1% for each of the next 60 months that retirement precedes age 65.

For Masterchem Industries, Inc., the accrued normal benefit is reduced for immediate commencement by 1/3 of 1% for each of the first 60 months prior to Normal Retirement Date plus 1/2 of 1% for each of the next 60 months.

Disability Benefit

Eligibility: A Participant determined to be permanently and totally disabled who has 10 or more Years of Service.

Benefit: The accrued benefit at time of disability, subject to reductions by reason of any Workers' Compensation benefits payable and by reason of any disability or sickness and accident benefit payable under other Company financed programs.

Plan Name:	Masco Corporation Pension Plan
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Plan Sponsor:	Masco Corporation
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SCHEDULE SB ATTACHMENTS

Vested Benefits Upon Termination of Service

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

For Melard Manufacturing participants hired prior to January 1, 1995, the vesting schedule equals 20% for 3 Years of Service, 40% for 4 Years of Service, and 100% for 5 Years of Service.

Termination Benefit: The accrued normal benefit becomes payable at age 65; or reduced at age 55 as per Early Retirement.

Surviving Spouse Benefit

Eligibility: All Participants eligible for a Vested Benefit (whether or not actively employed) who are married at date of death automatically receive coverage under the Option.

Benefit: In the event of a Vested Participant's death prior to benefit commencement, a 50% Survivor Annuity will be paid to the Participant's spouse. Benefits to the Spouse are payable on the first day of the month following the Participant's death, or if later, the first day of the month following the Participant's 55th birthday. Benefit payable is the Participant's accrued benefit at date of death, reduced actuarially for survivor annuity and reduced for early commencement (if applicable) by the Early Retirement factors described in the Plan. Cost of this protection is fully subsidized by the Company.

Benefits Resulting from Previous Plans

Coverage Under Other Masco Corporation Retirement Plans

Salaried Plan participants who were previously covered under other Masco Corporation financed Pension Plans will receive Credited Service under this Plan from the later of their original date of hire or the applicable Credited Service Date. The resulting benefit will be offset by any benefits payable from the other Plan(s).

Under Superseded Profit Sharing Plan

Employees covered under previous Profit Sharing Plans shall receive a benefit equal to the greater of the amount provided under (B) of the Normal Formula indicated above or the amount provided by the Employer portion of the prior Profit Sharing Account with interest. The employee may elect to receive the prior Profit Sharing Account with interest in a lump sum in which event his retirement benefit is actuarially reduced to reflect this. Employees with prior Profit Sharing Accounts who terminated and are not eligible for any other benefit under the Plan receive a refund of their prior Profit Sharing Account with interest. The employee portion of the prior Profit Sharing Account with interest is paid to the employee in such manner as the employee requests.

Plan Name:	Masco Corporation Pension Plan
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Plan Sponsor:	Masco Corporation
Valuation Date:	January 1, 2014

SCHEDULE SB ATTACHMENTS

Merillat Industries Supplemental Retirement Income Plan

Salaried Employees of Merillat Industries who were covered under the prior Merillat Industries Supplemental Retirement Income Plan receive the following benefit in five equal annual installments in addition to the above described benefit. Benefit is determined by the amount of service accrued by the Participant as of July 24, 1985, (which was the date of acquisition of the prior plan by Masco Corporation.)

Service at Date of Acquisition	Benefit Payable in Five Equal Installments
Less than 2 years	\$5,000
At least 2 Years but less than 5 Years	10,000
At least 5 Years but less than 10 Years	15,000
At least 10 Years but less than 15 Years	20,000
At least 15 Years but less than 20 Years	25,000
20 or More Years	30,000

The annual benefit based on the above schedule is payable at age 65, or immediately if termination of employment is due to death or disability.

Under Superseded Baldwin Hardware Manufacturing Corporation Profit Sharing Plan

Employees who have Profit Sharing Accounts transferred from this Plan may elect to receive

- (i) a lump sum benefit equal to the value of the account with earnings up to the date of termination, or
- (ii) a monthly benefit based on service earned prior to July 1, 1984, and guaranteed at least equal to the account's value.

Employees who have Rollover Accounts transferred from this Plan will receive an additional lump sum benefit on retirement, death, or termination, equal to the account balance, updated with earnings or losses experienced after July 1, 1984.

Merillat Industries, Inc. Pension Plan

Employees covered under the Plan are guaranteed a benefit at least equal to their accrued benefit as of December 31, 1993 under the Plan based on the early retirement reduction factors of the prior Plan and converted from a ten year certain and life annuity to a five year certain and life annuity.

Plan Name:	Masco Corporation Pension Plan
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Valuation Date:	January 1, 2014

SCHEDULE SB ATTACHMENTS

Optional Forms of Retirement Income in Lieu of Normal Form

Single life annuity. Life annuity with 120 monthly payments guaranteed. 50%, 75% or 100% Joint & Survivor benefit. Lump sum payment for values under \$5,000.

For former participants in the Merillat Industries, Inc. Pension Plan, a lump sum distribution of the December 31, 1993 accrued benefit is payable.

Actuarial Equivalence

Conversion of annuity forms: 6% interest, UP-1984 mortality. Lump sum: The greater of the PBGC rates using the UP-1984 mortality table with interest rates in effect on the January 1st of the year in which the lump sum will be paid, or the required basis under PPA and the November 1st interest rate structure in effect prior to the calendar year the lump sum is paid.

Changes in Plan Provisions since Last Actuarial Valuation

None.

Plan Name:	Masco Corporation Pension Plan
EIN / PN:	38-1794485 / 014
Plan Sponsor:	Masco Corporation
Valuation Date:	January 1, 2014

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2014

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2014	(9,276,127)	7	(9,276,127)	(1,552,443)
2	Shortfall	01/01/2013	14,324,405	6	12,629,329	2,390,628
3	Shortfall	01/01/2012	(22,882,790)	5	(17,658,613)	(3,883,771)
4	Shortfall	01/01/2011	30,424,913	4	18,640,375	5,005,794
5	Shortfall	01/01/2010	24,225,231	3	11,577,906	4,048,686
6	Shortfall	01/01/2009	24,751,842	2	8,575,606	4,392,183
Total					24,488,476	10,401,077

Plan Name: Masco Corporation Pension Plan
 EIN / PN: 38-1794485 / 014
 Plan Sponsor: Masco Corporation
 Valuation Date: January 1, 2014