

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997 COMMISSION FILE NUMBER 1-5794

MASCO CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State of Incorporation) No.) 38-1794485
(I.R.S. Employer Identification

21001 VAN BORN ROAD, TAYLOR, MICHIGAN 48180
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 313-274-7400

Securities Registered Pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$1.00 Par Value Inc.	New York Stock Exchange,
Series A Participating Cumulative Inc.	New York Stock Exchange,
Preferred Stock Purchase Rights	

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant on March 13, 1998 (based on the closing sale price of \$58 7/8 of the Registrant's Common Stock, as reported on the New York Stock Exchange Composite Tape on such date) was approximately \$9,669,730,000.

Number of shares outstanding of the Registrant's Common Stock at March 13, 1998:

169,634,252 shares of Common Stock, par value \$1.00 per share

Portions of the Registrant's definitive Proxy Statement to be filed for its 1998 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

TABLE OF CONTENTS

ITEM
PAGE

PART I

1. Business..... 2
2. Properties..... 7
3. Legal Proceedings..... 9
4. Submission of Matters to a Vote of Security Holders..... 9
Supplementary Item. Executive Officers of Registrant..... 9

PART II

5. Market for Registrant's Common Equity and Related Stockholder Matters..... 10
6. Selected Financial Data..... 10
7. Management's Discussion and Analysis of Financial Condition and Results of Operations..... 11
8. Financial Statements and Supplementary Data..... 20
9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure..... 44

PART III

10. Directors and Executive Officers of the Registrant..... 44
11. Executive Compensation..... 44
12. Security Ownership of Certain Beneficial Owners and Management..... 44
13. Certain Relationships and Related Transactions..... 44

PART IV

14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K..... 45
Signatures..... 49

FINANCIAL STATEMENT SCHEDULES

Masco Corporation Financial Statement Schedule..... F-1
MascoTech, Inc. and Subsidiaries Consolidated Financial Statements and Financial Statement Schedule..... F-3

PART I

ITEM 1. BUSINESS.

Masco Corporation is engaged principally in the manufacture, sale and installation of home improvement and building products. Masco believes that it is the largest domestic manufacturer of faucets, kitchen and bath cabinets and plumbing supplies and that it is a leading domestic producer of a number of other home improvement and building products. Masco was incorporated under the laws of Michigan in 1929 and in 1968 was reincorporated under the laws of Delaware. Except as the context otherwise indicates, the terms "Masco" and the "Company" refer to Masco Corporation and its consolidated subsidiaries.

The Company is among the country's largest manufacturers of brand name consumer products designed for the home improvement and home building industries. In addition to faucets, kitchen and bath cabinets and plumbing supplies, the Company manufactures and sells kitchen appliances, bath and shower enclosure units, spas and hot tubs, other shower, bath and plumbing specialties and accessories, door locks and other builders' hardware, air treatment products, venting and ventilating equipment and water pumps. These products are sold through mass merchandisers, home centers, hardware stores, distributors, wholesalers and other outlets to consumers and contractors. The Company also supplies and installs insulation and other building products direct to builders and consumers. The Company's operations are categorized into two industry segments: Kitchen and Bath Products and Other Specialty Products.

INDUSTRY SEGMENTS

The following table sets forth for the three years ended December 31, 1997, the contribution of the Company's industry segments to net sales and operating profit:

	NET SALES(1)		
	1997	1996	1995
Kitchen and Bath Products.....	\$2,940,000	\$2,519,000	
\$2,283,000			
Other Specialty Products.....	820,000	718,000	
644,000			
Total.....	\$3,760,000	\$3,237,000	
\$2,927,000			
=====	=====	=====	
	OPERATING PROFIT(1)(2)		
	1997	1996	1995
Kitchen and Bath Products.....	\$ 539,000	\$ 462,000	\$
411,000			
Other Specialty Products.....	130,000	104,000	
82,000			
Total.....	\$ 669,000	\$ 566,000	\$
493,000			
=====	=====	=====	

(1) Results exclude the home furnishings products segment, which was classified as discontinued operations in 1995 and sold in 1996. See the Note to the Company's Consolidated Financial Statements captioned "Discontinued Operations," included in Item 8 of this Report.

(2) Amounts are before general corporate expense.

Additional financial information concerning the Company's operations by industry segments as of and for the three years ended December 31, 1997 is set forth in the Note to the Company's Consolidated Financial Statements captioned "Segment Information," included in Item 8 of this Report.

KITCHEN AND BATH PRODUCTS

The Company manufactures a variety of single and double handle faucets. DELTA(R) and PEERLESS(R) single and double handle faucets are used on kitchen, lavatory and other sinks and in bath and shower installations. DELTA faucets are sold through manufacturers' representatives to major

2

4

retail accounts and to distributors who sell the faucets to plumbers, building contractors, remodelers, smaller retailers and others. PEERLESS faucets are sold primarily through manufacturers' representatives directly to retail outlets such as mass merchandisers, home centers and hardware stores and are also sold under private label. The Company's ARTISTIC BRASS(R) faucets and accessories are produced for the decorator markets and are sold through wholesalers, distributor showrooms and other outlets. ALSONS(R) hand showers and shower heads and MIXET(R) valves and accessories are distributed through manufacturers' representatives to the wholesale market and to retailers.

Sales of faucets worldwide approximated \$815 million in 1997, \$757 million in 1996 and \$698 million in 1995. The percentage of operating profit on faucets is somewhat higher than that on other products offered by the Company. The Company believes that the simplicity, quality and reliability of its faucet mechanisms, manufacturing efficiencies and capabilities, its marketing and merchandising activities, and the development of a broad line of products have accounted for the continued strength of its faucet sales. Management believes that Masco's faucet operations hold a leadership position in the United States market. The faucet market in the United States is very competitive, with Moen, Price Pfister, Sterling and American Standard as major brand competitors. Competition from import products is also a factor in the Company's markets.

The Company manufactures economy, stock, semi-custom and custom kitchen and bath cabinetry in a variety of styles and in various price ranges. The Company sells cabinets under a number of trademarks, including MERILLAT(R), KRAFTMAID(R), QUALITY CABINETS(R), STARMARK(R) and FIELDSTONE(R), with sales to distributors, home centers, dealers and direct to builders for both the home improvement and new construction markets. In addition to its domestic manufacturing, the Company manufactures cabinetry in Germany, where sales are made primarily through Company-owned showrooms to consumers, and in England, with sales primarily to builders for the new construction market. Sales of kitchen and bath cabinets were approximately \$1,083 million in 1997, \$832 million in 1996 and \$758 million in 1995. During 1997, the Company acquired Texwood Industries, Inc., a domestic manufacturer of kitchen and bath cabinetry. Management believes that the Company is the largest manufacturer of kitchen and bath cabinetry in the United States. Significant competitors are American Woodmark Corporation, Aristokraft, Inc., WCI Group and Triangle Pacific Corporation.

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

Other Kitchen and Bath Products sold by the Company include THERMADOR(R) cooktops, ovens, ranges and related cooking equipment and refrigerators, which are marketed through appliance distributors and dealers. The Company's AQUA GLASS(R) acrylic and gelcoat bath and shower units and whirlpools are sold primarily to wholesale plumbing distributors for use in the home improvement and new home construction markets. Other bath and shower enclosure units, shower trays and laundry tubs are sold to the home improvement market through hardware stores and home centers under the brand names AMERICAN SHOWER & BATH(TM) and TRAYCO(TM). HUPPE(R) luxury bath and shower enclosures are manufactured and sold by the Company through wholesale channels primarily in Germany. The Company manufactures bath and shower accessories, vanity mirrors and bath storage products and sells these products under the brand name ZENITH PRODUCTS(R) and other trademarks to home centers, hardware stores and mass merchandisers for the "do-it-yourself" market. The Company's spas and hot tubs are sold under the brand name HOT SPRING SPA(R) and other trademarks directly to retailers for sale to residential customers. In early 1997, the Company acquired Franklin Brass Manufacturing Company, a leading manufacturer of bath accessories and bath safety products.

Direct sales to home center retailers in all of the Company's product lines have been increasing in recent years, and in 1997 sales to The Home Depot were \$392 million, approximately 10 percent of the

Company's 1997 sales volume. Builders, distributors, wholesalers and other retailers represent other channels of distribution for the Company's products.

OTHER SPECIALTY PRODUCTS

The Company's Other Specialty Products include premium BALDWIN(R) quality brass trim and mortise lock sets, knobs and trim and other builders' hardware which are manufactured and sold for the home improvement and new home construction markets. WEISER(R) lock sets and related hardware are sold through contractor supply outlets, hardware distributors and home centers. SAFLOK(TM) electronic lock sets and WINFIELD(TM) mechanical lock sets are sold primarily to the hospitality market. During 1997, the Company acquired LaGard Inc., whose electronic lock sets are used primarily by the banking industry on safes, ATMs, vaults and cabinetry, and Liberty Hardware Manufacturing Corporation, a producer of quality cabinet and builders' hardware. Key domestic competitors to Baldwin and Weiser in the lock set business are Black & Decker Corporation and Schlage Lock Company. Imported products are also becoming a major factor in this market.

The Company has recently begun to incorporate on many of its decorative brass faucets and other products a durable coating that offers anti-tarnish protection, under the trademarks BRILLIANCE(R) and THE LIFETIME FINISH FROM BALDWIN(R). This innovative finish is currently available on certain of the Company's kitchen and bath products and door hardware.

The Company manufactures ventilation products under the trademark AMP(R), including grilles, registers, diffusers and humidifiers which are sold through wholesale distribution and home centers. GEBHARDT(TM) commercial ventilating products and JUNG(TM) water pumps are manufactured and distributed by the Company in Europe. Through local offices of Gale Industries, Inc. in various parts of the United States, the Company also supplies and installs insulation and other building products primarily for the residential home building industry.

COMPETITIVE FACTORS

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

GENERAL INFORMATION

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

INTERNATIONAL OPERATIONS

Through its subsidiaries, the Company also has home improvement and building products manufacturing plants in Austria, Belgium, Canada, Denmark, England, France, Germany, Italy, Mexico, Poland, Spain, Taiwan and Turkey. Home improvement and building products manufactured by the Company outside of the United States include faucets and accessory products, bath and shower

4

6

enclosures, bath accessories, kitchen and bath cabinets, decorative accessories, door lock sets and related hardware, floor registers, humidifiers, ventilating equipment, submersible water pumps and special insulation materials. The Company's European operations were expanded through the recent acquisition of three manufacturers. In 1997, the Company acquired The SKS Group, a leading German manufacturer and distributor of roller shutters and aluminum balcony railings, and The Alvic Group, a leading Spanish manufacturer and distributor of kitchen and bath cabinetry and components. In early 1998, the Company acquired Vasco Corporation, a leading European manufacturer of residential decorative hydronic radiators and heat convectors, based in Belgium.

The Company's foreign operations are subject to political, monetary, economic and other risks attendant generally to international businesses. These risks generally vary from country to country. Financial information concerning the Company's export sales and foreign and domestic operations, including the net sales, operating profit and assets which are attributable to the Company's operations in North America and in other geographic areas, as of and for the three years ended December 31, 1997, is set forth in Item 8 of this Report in the Note to the Company's Consolidated Financial Statements captioned "Segment Information."

PATENTS AND TRADEMARKS

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

EMPLOYEES

At December 31, 1997, the Company employed approximately 28,100 people. Satisfactory relations have generally prevailed between the Company and its employees.

EQUITY INVESTMENTS

Information about the Company's equity investments is also set forth in the Note to the Company's Consolidated Financial Statements captioned "Equity Investments in Affiliates" included in Item 8 of this Report.

MascoTech, Inc.

In 1984, the Company transferred its industrial businesses to a newly formed subsidiary, MascoTech, Inc. (formerly Masco Industries, Inc.), which became a separate public company in July, 1984 when the Company distributed to its stockholders certain shares of MascoTech common stock as a special dividend. In October 1996, the Company reduced its common equity interest in MascoTech from 45 percent to 21 percent through the sale to MascoTech of MascoTech common stock and warrants to purchase shares of MascoTech common stock for total consideration of approximately \$266 million. Payment of \$115 million of the purchase price was made in cash at closing and the balance of approximately \$151 million was paid by MascoTech on September 30, 1997, in accordance with its agreement, in the form of 9.9 million shares (approximately 42%) of the outstanding common stock of Emco Limited and \$45.6 million in cash. As part of that transaction, the Company granted MascoTech a right of first refusal, which expires September 30, 2000, to purchase the remaining shares of MascoTech common stock held by the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 of this Report, regarding the effect of this transaction on the Company. Emco is a Canadian manufacturer and distributor of home improvement and building products. See the discussion of "Emco Limited" below. MascoTech's conversion of its

5

7

outstanding preferred stock into MascoTech common stock in mid-1997 further reduced the Company's ownership in MascoTech to approximately 17 percent.

MascoTech is a leading supplier of metalworked components primarily for vehicle engine and drivetrain applications and automotive aftermarket products for the transportation industry. MascoTech's net sales for 1997 were approximately \$922 million. Approximately 72 percent of MascoTech's transportation-related products sales in 1997 were original equipment automotive products and services.

In January 1998, MascoTech acquired the remaining 63 percent of TriMas Corporation that it did not previously own, including approximately 1.6 million shares (4%) owned by the Company, for approximately \$920 million. TriMas is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets. TriMas had sales of approximately \$668 million and net income of approximately \$66 million for the twelve months ended December 31, 1997.

TriMas' products include specialty fasteners, towing systems, specialty container products and other industrial products.

Emco Limited

The Company owns approximately 42 percent of the outstanding common stock of Emco Limited, as a result of the transactions described above under "Equity Investments -- MascoTech, Inc." Emco is a leading Canadian distributor and manufacturer of building products for the residential, commercial and industrial construction markets, including roofing materials, wood fiber products and sinks, and a distributor of plumbing and related products. Emco had sales of CDN \$1.26 billion for the twelve months ended December 31, 1997.

Hans Grohe

The Company has a 27 percent partnership interest in Hans Grohe GmbH & Co. KG, a German manufacturer of faucets, handheld showers, shower heads, shower cabins and other shower accessories.

6
8

ITEM 2. PROPERTIES.

The following list sets forth the location of the Company's principal manufacturing facilities and identifies the industry segments utilizing such facilities.

Arizona.....	Tucson (2)
California.....	Carlsbad (1), Corona (1), Costa Mesa (2), Los Angeles (1), Pico Rivera (1), Rancho Dominguez (1), Torrance (2) and Vista (1)
Colorado.....	Longmont (1)
Delaware.....	New Castle (1)
Illinois.....	Chicago (2)
Indiana.....	Cumberland (1), Greensburg (1) and Kendallville (2)
Iowa.....	Northwood (1)
Kentucky.....	Henderson (1), Morgantown (1) and Mt. Sterling (1)
Michigan.....	Adrian (1), Hillsdale (1), Lapeer (1), and Troy (2)
Minnesota.....	Lakeville (1)
Mississippi.....	Olive Branch (2)
Nevada.....	Las Vegas (1)
New Jersey.....	Moorestown (1), Passaic (1) and West Berlin (2)
North Carolina.....	Thomasville (1)
Ohio.....	Jackson (1), Loudonville (1), Middlefield (1) and Orwell (1)
Oklahoma.....	Chickasha (1)
Oregon.....	Klamath Falls (1)
Pennsylvania.....	Reading (1 and 2)
South Dakota.....	Rapid City (1) and Sioux Falls (1)
Tennessee.....	Adamsville (1), Jackson (1), LaFollette (2) and McEwen (1)
Texas.....	Lancaster (1), Cedar Hill (1) and Duncanville (1)
Virginia.....	Atkins (1), Culpeper (1), Lynchburg (1) and Mt. Jackson (1)
Austria.....	Furstenfeld (2)
Belgium.....	Brussels (2), Dilsen (2) and St. Niklaas (2)
Canada.....	Cambridge (1), London (1) and St. Thomas (1), Ontario
Denmark.....	Odense (1)
England.....	Brownhills (1), Corby (1), Warminster (1) and Wetherby (1)
France.....	Sevres (1)
Germany.....	Ahaus (1), Bad Zwischenahn (1), Bielefeld (2), Duisburg (2), Dortmund (2), Iserlohn (1), Kulmbach (2), Netzschkau (2), Neuwied (1), Steinhagen (2), Stuttgart (2) and Waldenburg (2)
Italy.....	Lacchiarella (1) and Zingonia (1)
Mexico.....	Mexicali (2)
Poland.....	Krakow (2)
Spain.....	Alcaudete (1), Barcelona (1) and Vic (1)
Taiwan.....	Tai Chung (1)
Turkey.....	Czerkezkoy (1)

Industry segments identified in the preceding table are: (1) Kitchen and Bath Products and (2) Other Specialty Products. Multiple footnotes within the same parentheses indicate that significant activities relating to both segments are conducted at that location.

The three principal faucet manufacturing plants are located in Greensburg, Indiana, Chickasha, Oklahoma and Jackson, Tennessee. The faucet manufacturing plants and the majority of the Company's

other manufacturing facilities range in size from approximately 10,000 square feet to 900,000 square feet. The Company owns most of its manufacturing facilities and none of the Company-owned properties is subject to significant encumbrances. In addition to its manufacturing facilities, the Company operates approximately 90 facilities (the majority of which are leased) which supply and install insulation and other building products. The Company's corporate headquarters are located in Taylor, Michigan and are owned by the Company. An additional building near its corporate headquarters is used by the Company's corporate research and development department.

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

The following list sets forth the location of MascoTech's principal manufacturing facilities, and reflects its early 1998 acquisition of TriMas.

California.....	Commerce
Florida.....	Deerfield Beach and Ocala
Illinois.....	Wood Dale
Indiana.....	Auburn, Elkhart, Frankfort, Fort Wayne, Goshen and North Vernon
Kentucky.....	Nicholasville
Louisiana.....	Baton Rouge
Massachusetts.....	Plymouth
Michigan.....	Burton, Canton, China Township, Detroit, Farmington Hills, Fraser, Green Oak Township,
New Jersey.....	Hamburg, Holland, Livonia, Royal Oak, Troy, Warren and Ypsilanti
Ohio.....	Edison and Netcong Bucyrus, Canal Fulton, Lakewood, Lima, Minerva and Port Clinton
Oklahoma.....	Tulsa
Pennsylvania.....	Ridgway
Texas.....	Houston and Longview
Wisconsin.....	Mosinee
Australia.....	Hampton Park, Victoria and Wakerley, Queensland
Canada.....	Fort Erie and Oakville Ontario
Czech Republic.....	Brno
England.....	Leicester and Wolverhampton
Germany.....	Neunkirchen, Nurnberg and Zell am Harmersbach
Italy.....	Poggio Rusco
Mexico.....	Mexico City

MascoTech's principal manufacturing facilities range in size from approximately 10,000 square feet to 420,000 square feet, substantially all of which are owned by MascoTech and are not subject to significant encumbrances. The MascoTech executive offices are located in Taylor, Michigan, and are provided by the Company to MascoTech under a corporate services agreement.

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

ITEM 3. LEGAL PROCEEDINGS.

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

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

Not applicable.

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

NAME ----	POSITION -----	AGE ---	OFFICER SINCE -----
Richard A. Manoogian.....	Chairman of the Board and Chief Executive Officer	61	1962
Raymond F. Kennedy.....	President and Chief Operating Officer	55	1989
Dr. Lillian Bauder.....	Vice President -- Corporate Affairs	58	1996
David A. Doran.....	Vice President -- Taxes	56	1984
Daniel R. Foley.....	Vice President -- Human Resources	56	1996
Eugene A. Gargaro, Jr.....	Vice President and Secretary	55	1993
John R. Leekley.....	Senior Vice President and General Counsel	54	1979
Richard G. Mosteller.....	Senior Vice President -- Finance	65	1962
Robert B. Rosowski.....	Vice President -- Controller and Treasurer	57	1973
Samuel Valenti, III.....	Vice President -- Investments	52	1971

Executive officers, who are elected by the Board of Directors, serve for a term of one year or less. Each elected executive officer has been employed in a managerial capacity with the Company for over five years except for Messrs. Foley and Gargaro and Dr. Bauder. Mr. Foley was employed by MascoTech, Inc. as its Vice President -- Human Resources from 1994 to 1996 and was President of Executive Business Partners, Inc., a training and consulting firm, from 1993 to 1994. Mr. Gargaro joined the Company as its Vice President and Secretary in October, 1993. Prior to joining the Company, Mr. Gargaro was a partner at the Detroit law firm of Dykema Gossett PLLC. Mr. Gargaro has served as a director and Secretary of MascoTech, Inc. since 1984. From 1984 to 1996, Dr. Bauder served as President and Chief Executive Officer of Cranbrook Educational Community.

9

11

PART II

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

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

QUARTER -----	MARKET PRICE		DIVIDENDS DECLARED -----
	HIGH -----	LOW -----	
1997			
Fourth.....	\$53 13/16	\$41 7/16	\$.21
Third.....	48 1/4	40 9/16	.21
Second.....	43 3/8	35	.20
First.....	37 5/8	33 3/4	.20
Total.....			\$.82 =====
1996			
Fourth.....	\$36 7/8	\$28 7/8	\$.20
Third.....	31 1/4	26 5/8	.20
Second.....	32 1/8	26 5/8	.19
First.....	31 3/8	27 7/8	.19
Total.....			\$.78 =====

On March 13, 1998, there were approximately 6,400 holders of record of the Company's Common Stock.

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

ITEM 6. SELECTED FINANCIAL DATA.

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

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
	1997	1996	1995	1994	1993
Net sales.....	\$3,760,000	\$3,237,000	\$2,927,000	\$2,583,000	\$2,243,000
Income from continuing operations(1)...	\$ 382,400	\$ 295,200	\$ 200,050	\$ 172,710	\$ 215,210
Per share of common stock:					
Income from continuing operations:(1)(2)					
Basic.....	\$2.39	\$1.87	\$1.28	\$1.10	\$1.43
Diluted.....	\$2.30	\$1.82	\$1.25	\$1.08	\$1.40
Dividends declared.....	\$.82	\$.78	\$.74	\$.70	\$.66
Dividends paid.....	\$.81	\$.77	\$.73	\$.69	\$.65
At December 31:					
Total assets.....	\$4,333,760	\$3,701,650	\$3,778,630	\$4,177,100	\$3,864,850
Long-term debt.....	\$1,321,470	\$1,236,320	\$1,577,100	\$1,587,160	\$1,413,480

(1) The year 1994 includes a \$79 million after-tax (\$.49 per diluted share) non-cash equity investment charge.

(2) Income from continuing operations per share prior to 1997 have been restated to conform to the 1997 presentation.

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

The financial and business analysis below provides information which the Company believes is relevant to an assessment and understanding of the Company's consolidated financial position and results of operations. This financial and business analysis should be read in conjunction with the consolidated financial statements and related notes.

The following discussion and other sections of this Report on Form 10-K contain statements reflecting the Company's views about its future performance and constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These views involve risks and uncertainties that are difficult to predict and may cause the Company's actual results to differ materially from the results discussed in such forward-looking statements. Readers should consider that various factors including those discussed in the "Overview" and "Outlook for the Company" sections below may affect the Company's ability to attain the projected performance. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

The Company is engaged principally in the manufacture, sale and installation of home improvement and building products. These products are sold to the home improvement and home construction markets through mass merchandisers, home centers, hardware stores, distributors, wholesalers and other outlets for consumers and contractors.

Factors which affect the Company's results of operations include the levels of home improvement and residential construction activity principally in the U.S. and Europe (including repair and remodeling and new construction), cost management, fluctuations in European currencies (primarily the German Deutsche Mark and British Pound), the increasing importance of home centers as distributors of home improvement and building products and the Company's ability to maintain its leadership positions in its markets with increasing global competition. Historically, the Company has been able to largely offset cyclical declines in housing markets through new product introductions and acquisitions as well as market share gains.

Net sales and operating profit from continuing operations for 1997 were \$3,760 million and \$587 million, representing increases of 16 percent and 22 percent, respectively, over 1996. Net income from continuing operations for 1997 was \$382 million representing an increase of 30 percent over 1996. Basic and diluted earnings per share for 1997 were \$2.39 and \$2.30, respectively, representing increases of 28 percent and 26 percent, respectively, over 1996 amounts. Increases in net sales typically result in operating profit improvements that exceed the net sales increases on a percentage basis due to the allocation of fixed and semi-fixed costs and expenses over a higher sales base.

CORPORATE DEVELOPMENT

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

During 1997, the Company acquired Texwood Industries, Inc., a U.S. manufacturer of kitchen and bath cabinetry, and five other home improvement and building products companies, including two companies in Europe.

The results of operations for these acquisitions are included in the consolidated financial statements from the dates of acquisition. Had these companies been acquired effective January 1, 1996, pro forma unaudited consolidated net sales and net income would have approximated \$3,909 million and \$390 million for 1997 and \$3,575 million and \$309 million for 1996, respectively, and pro forma

11

13

unaudited consolidated diluted earnings per share would have approximated \$2.33 and \$1.87 for 1997 and 1996, respectively.

The combined purchase price for these acquisitions, including assumed debt, aggregated approximately \$430 million and included approximately 2.9 million shares of Company common stock valued at approximately \$119 million, with the balance in cash and a short-term note. The acquisitions were accounted for as purchase transactions.

DISCONTINUED OPERATIONS

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. An aggregate provision of \$650 million was recorded in the fourth quarter of 1995 for the estimated loss on the discontinued operations through the expected disposal date, the reduction of assets to their estimated net realizable value and the anticipated liabilities related to the disposal. The majority of the charge from the disposition of the home furnishings products segment resulted in a capital loss for tax purposes. The ultimate tax benefit from the disposition cannot be determined currently and is reported if and when taxable capital gains are realized.

During August 1996, the Company completed the sale of its home furnishings products segment to Furnishings International Inc. Total proceeds to the Company from the sale were \$1,050 million with approximately \$708 million of the purchase price in cash. The balance consisted of \$285 million of 12 percent pay-in-kind junior debt securities, and equity securities totalling \$57 million, consisting of 13 percent cumulative preferred stock, with a stated value of \$55 million, 15 percent of the common stock of Furnishings International and convertible preferred stock.

The junior debt securities mature in 2008; the Company is recording the 12 percent pay-in-kind interest income from these securities. The Company records dividend income from the 13 percent cumulative preferred stock when such dividends are declared. The convertible preferred stock represents transferable rights for up to a 25 percent common ownership, although the Company is restricted from maintaining an ownership in excess of 20 percent of Furnishings International's common equity. As such, the Company will not acquire additional common equity, except for purposes of resale only. Of the cash proceeds received from this sale, approximately \$550 million was applied to reduce bank debt.

Under a transitional services agreement, the Company provided corporate-related services for a fee to Furnishings International through April 1997. Substantially all of these services were discontinued after such date.

PROFIT MARGINS

Operating profit margin, before general corporate expense, improved to 17.8 percent in 1997 from 17.5 percent in 1996 and 16.8 percent in 1995 (general corporate expense includes those expenses not specifically attributable to the Company's business segments). The improvement in 1997 is principally due to a reduction in selling, general and administrative expenses as a percentage of sales. The Company's operating margin from faucet sales is somewhat higher than that on other products offered by the Company due to the simplicity, quality and reliability of its faucet mechanisms, manufacturing efficiencies and capabilities, extensive marketing and merchandising activities and breadth of product offering.

General corporate expense in 1997 was \$82 million, as compared with \$85 million in 1996 and \$90 million in 1995. General corporate expense as a percentage of sales decreased to 2.2 percent in 1997 from 2.6 percent in 1996 and 3.1 percent in 1995. Operating profit margin, after general corporate expense, was 15.6 percent, 14.8 percent and 13.7 percent in 1997, 1996 and 1995, respectively.

Net income from continuing operations as a percentage of sales increased to 10.2 percent in 1997 from 9.1 percent and 6.8 percent in 1996 and 1995, respectively. After-tax profit return on shareholders'

12

14

equity as measured by net income from continuing operations increased to 20.8 percent in 1997 from 17.8 percent and 9.4 percent in 1996 and 1995, respectively.

FINANCIAL CONDITION

Over the years, the Company has largely funded its growth through cash provided by a combination of operations and long-term bank and other borrowings, and by the issuance of common stock for certain acquisitions. At December 31, 1997, the Company's shelf-registration statement permits the issuance of up to a combined \$759 million of debt and equity securities.

Bank credit lines are maintained to ensure availability of short-term funds on an as-needed basis. At December 31, 1997, the Company had available \$750 million under its bank revolving-credit facility. Any outstanding balances under this facility are due and payable in November 2001. Certain debt agreements contain limitations on additional borrowings and requirements for maintaining a certain level of tangible net worth. At December 31, 1997, the Company was in compliance with these limitations and requirements, and the Company's tangible net worth exceeded the most restrictive of such provisions by approximately \$171 million.

Maintaining high levels of liquidity and cash flow are among the Company's financial strategies. The Company's long-term debt as a percent of total capitalization ratio improved to approximately 36 percent at December 31, 1997 from approximately 39 percent at December 31, 1996. (On a pro forma basis, the Company's long-term debt as a percent of total capitalization ratio would have been approximately 32 percent, assuming conversion of the Company's \$178 million of convertible debentures; this conversion was completed in February 1998.) Aggregate short-term and long-term debt at December 31, 1997 was \$146 million higher than the 1996 aggregate amount due primarily to acquisition-related debt. The Company's working capital ratio was 2.6 to 1 at December 31, 1997 compared with 2.8 to 1 at December 31, 1996; excluding a \$53 million short-term, acquisition-related note payable which was paid in early 1998, the Company's working capital ratio was 2.8 to 1 at December 31, 1997.

CASH FLOWS

Significant sources and uses of cash in the past three years are shown in the following table, in thousands:

CASH SOURCES (USES)	1997	1996	1995
-----	-----	-----	-----
From continuing operations.....	\$ 405,030	\$ 340,140	\$ 260,910
Collection of MascoTech receivable.....	45,580	--	--
Sale of discontinued operations.....	--	707,630	--
Sale of MascoTech investments.....	--	115,000	--
Sale of Formica investment.....	--	--	74,470
Acquisition of companies, net of cash acquired.....	(186,920)	(173,110)	--
Capital expenditures..... (165,080)	(167,400)	(138,540)	
Increase (decrease) in debt, net..... (52,180)	7,890	(368,160)	
Cash dividends paid..... (116,350)	(131,680)	(123,530)	
From discontinued operations, net.....	--	--	34,560
Other, net..... (12,390)	(4,900)	53,830	
	-----	-----	-----
Cash increase (decrease).....	\$ (32,400)	\$ 413,260	\$ 23,940
	=====	=====	=====

CASH FLOWS FROM OPERATING ACTIVITIES

Continuing operations generated \$64.9 million and \$144.1 million more cash in 1997 than in 1996 and 1995, respectively, primarily due to increased earnings. During 1997, the Company's accounts receivable and inventories increased by \$92.2 million and \$103.1 million, respectively, primarily as a

result of acquisitions and higher actual and anticipated sales volume. As compared with the average manufacturing company, the Company maintains a higher investment in inventories, which relates to the Company's business strategies of providing better customer service, establishing efficient production scheduling and benefiting from larger, more cost-effective purchasing.

CASH FLOWS FROM (FOR) INVESTING ACTIVITIES

Investing activities of continuing operations used cash of \$313.6 million in 1997 compared with cash provided from investing activities of \$564.8 million in 1996. Cash flows from investing activities for 1996 included an aggregate \$822.6 million of cash proceeds from the sales of discontinued operations and certain MascoTech, Inc. investments.

During October 1996, the Company completed the sale to MascoTech of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. Under the sale agreement, the Company received approximately \$266 million, with \$115 million cash paid at closing. The \$151 million balance of the consideration was paid by MascoTech to the Company on September 30, 1997; as provided for in the sale agreement, MascoTech at that date delivered to the Company 9.9 million shares (approximately 42 percent) of the outstanding common stock of Emco Limited and \$45.6 million in cash. MascoTech recognized a \$29.3 million after-tax gain from the delivery to the Company of the Emco Limited common stock. The Company's recording of equity earnings from MascoTech for 1997 excludes the effect of such gain due to the related-party nature of the transaction. Emco Limited is a leading Canadian distributor and manufacturer of home improvement and building products. MascoTech holds an option, expiring in 2002, to require the Company to purchase up to \$200 million aggregate amount of subordinated debt securities of MascoTech.

For the 1997 acquisitions of Texwood Industries and five other companies, the combined purchase price was approximately \$430 million, including the assumption of debt and issuance of a short-term note aggregating \$123 million, 2.9 million shares of Company common stock valued at approximately \$119 million and \$187 million of cash paid.

Capital expenditures totalled \$167.4 million in 1997 compared with \$138.5 million in 1996. These amounts primarily pertain to expenditures for additional facilities related to increased demand for existing products as well as for new Masco products. The Company also continues to invest in automating its manufacturing operations and increasing its productivity, in order to be a more efficient producer and improve customer service and response time. The Company expects capital expenditures for 1998, excluding those of potential 1998 acquisitions, to approximate the 1997 level. Depreciation and amortization expense for 1997 totalled \$116.1 million, compared with \$99.7 million for 1996; for 1998, depreciation and amortization expense, excluding 1998 acquisitions, is expected to be approximately \$128 million.

Costs of environmental responsibilities and compliance with existing environmental laws and regulations have not had, nor in the opinion of the Company are they expected to have, a materially adverse effect on the Company's capital expenditures, financial position, or results of operations.

CASH FLOWS FOR FINANCING ACTIVITIES

Cash used for financing activities decreased to \$123.8 million in 1997 from \$491.7 million in 1996. During 1996, the Company paid the \$250 million of 9 percent notes due April 15, 1996 through borrowings under its bank revolving-credit agreement and applied approximately \$550 million of the proceeds from the 1996 sale of the home furnishings products segment to reduce bank debt.

During 1997, the Company increased its dividend rate 5 percent to \$.21 per share quarterly. This marks the 39th consecutive year in which dividends have been increased.

The Company believes that its present cash balance and cash flows from operations are sufficient to fund its near-term working capital and other investment needs. The Company believes that its longer-term working capital and other general corporate requirements will be satisfied through cash

14

16

flows from operations and, to the extent necessary, future financial market activities, from proceeds from assets sales and from bank borrowings.

CONSOLIDATED RESULTS OF OPERATIONS

Sales and Operations

Net sales for 1997 were \$3,760 million, representing an increase of 16 percent over 1996. After adjusting for acquisitions, net sales for 1997 increased 7 percent over 1996. After adjusting for acquisitions, net sales of the Company's North American operations for 1997 increased 8 percent over 1996. Net sales for 1996 increased 11 percent to \$3,237 million from \$2,927 million in 1995; after adjusting for acquisitions and the divestiture of two small operations, net sales increased 7 percent in 1996 over 1995.

Cost of sales as a percentage of sales for 1997 remained unchanged at 63.3 percent compared with 1996 when it increased from 63.1 percent for 1995. The modest increase in the cost of sales percentage for 1997 and 1996 as compared with 1995 was primarily attributable to softness in the Company's European markets, expenses associated with manufacturing process improvement initiatives and product sales mix, which offset the benefits resulting from increased sales volume and new product introductions.

Excluding amortization of acquired goodwill (\$18.7 million, \$12.1 million, and \$10.0 million in 1997, 1996 and 1995, respectively), selling, general and administrative expenses as a percentage of sales were 20.6 percent in 1997 compared with 21.5 percent and 22.8 percent for 1996 and 1995, respectively. The downward trend in the selling, general and administrative expenses percentage results from the Company's continuation of cost-containment initiatives, the substitution of contingent incentive-based compensation for the reduction in fixed compensation for certain executives and the leverage of fixed and semi-fixed costs over a higher sales base. The Company expects selling, general and administrative expenses as a percentage of sales to approximate 20.0 percent by the end of 1998.

Other Income (Expense), Net

Equity earnings from MascoTech, Inc. in 1997 reflect the Company's mid-1997 and late-1996 reductions in common equity ownership. Equity earnings from MascoTech were \$14.6 million for 1997 as compared with equity earnings of \$13.9 million and \$18.2 million for 1996 and 1995, respectively. Equity earnings from MascoTech in 1996 include the Company's \$11.7 million pre-tax equity share of MascoTech's loss from the sale of its metal stamping businesses.

During the second quarter of 1997, MascoTech effected conversion of all of its publicly held outstanding convertible preferred stock with the issuance of approximately 10 million shares of its common stock. This conversion reduced the Company's common equity ownership in MascoTech to 17 percent from 21 percent, and increased the Company's equity in MascoTech's net book value by approximately \$29.5 million. As a result, the Company recognized a pre-tax gain of \$29.5 million during the second quarter of 1997.

During 1996, the Company recognized a \$67.8 million net pre-tax gain (\$40.7 million after-tax) from the fourth quarter 1996 sale to MascoTech of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. This gain was largely offset by \$36.3 million of fourth quarter 1996 charges primarily related to adjustments of miscellaneous assets to their estimated fair value.

Included in other, net under other income (expense), net is income from cash and cash investments of \$17.3 million, \$6.9 million and \$2.6 million for 1997, 1996 and 1995, respectively; the increase in 1997 resulted from a higher average cash and cash investments balance during 1997 as compared with 1996 and 1995. The Company's cash balance for 1997 included residual proceeds from transactions in the latter part of 1996, including the sale of certain MascoTech investments, the sale of the Company's home furnishings businesses and European borrowings.

15

17

Included in other, net under other income (expense), net is interest income for 1997 and 1996 of \$36.8 million and \$14.0 million, respectively, from the 12% pay-in-kind junior debt securities of Furnishings International Inc. Such interest income began to accrue in August 1996 upon the sale of the Company's home furnishings businesses. Also included in other, net in 1997 and 1996 is interest income of \$7.5 million and \$1.7 million, respectively, from the \$151 million note receivable from MascoTech, which was paid on September 30, 1997.

Included in other, net under other income (expense), net in 1997 are \$10.8 million of dividend income from the Company's investment in Furnishings International's 13% cumulative preferred stock, net gains aggregating approximately \$28 million related to the sales of certain assets and charges aggregating approximately \$30 million, principally for the adjustment of the Company's Payless Cashways investment to its estimated fair value.

Included in other, net under other income (expense), net for 1995 was a \$15.9 million gain from the sale of the Company's investment in Formica Corporation; this gain was offset primarily by charges for asset disposals.

Net Income and Earnings Per Share

After-tax income from continuing operations for 1997 was \$382 million compared with \$295 million for 1996 and \$200 million for 1995. Basic and diluted earnings per share from continuing operations for 1997 were \$2.39 and \$2.30, respectively, as compared with basic and diluted earnings per share from continuing operations of \$1.87 and \$1.82 and \$1.28 and \$1.25, respectively, for 1996 and 1995. The Company's effective tax rate decreased to 39.4 percent in 1997 from 41.3 percent in 1996 due to the net utilization of the Company's capital loss carryforward benefit, recognized primarily in the fourth quarter of 1997. The 1995 tax rate of 43.1 percent was higher due primarily to an increase in higher-taxed foreign income as a percentage of total income. The Company estimates that its effective tax rate will approximate 40 percent for 1998.

OUTLOOK FOR THE COMPANY

Assuming that the U.S. economy maintains its present rate of moderate growth and interest rates remain relatively stable, the Company expects further increases in both sales and earnings for 1998. The Company believes that its results will be favorably affected in the future with its efforts to: continue to invest in new manufacturing technologies and productivity improvement initiatives in order to contain costs and increase efficiency; maintain a lower level of selling, general and administrative expenses, as a percent of sales; introduce new products and marketing initiatives to increase market share and share of customer; and to actively pursue acquisition candidates that complement or support the Company's core competencies.

16

18

NET SALES BY PRODUCT GROUP AND GEOGRAPHIC AREA

The following table sets forth the Company's net sales from continuing operations by product group and geographic area, in millions.

	NET SALES			PERCENT CHANGE	
	1997	1996	1995	1997 VS. 1996	1996 VS. 1995
	-----	-----	-----	-----	-----
Kitchen and Bath Products:					
Faucets.....	\$ 815	\$ 757	\$ 698	8%	8%
Cabinets.....	1,083	832	758	30%	10%
Other.....	1,042	930	827	12%	12%
	-----	-----	-----		
	2,940	2,519	2,283	17%	10%
Other Specialty Products.....	820	718	644	14%	11%
	-----	-----	-----		
Total.....	\$3,760	\$3,237	\$2,927	16%	11%
	=====	=====	=====		
North America.....	\$3,072	\$2,680	\$2,441	15%	10%
Europe.....	688	557	486	24%	15%
	-----	-----	-----		
Total.....	\$3,760	\$3,237	\$2,927	16%	11%
	=====	=====	=====		

BUSINESS SEGMENT RESULTS

Kitchen and Bath Products

Net sales of the Company's Kitchen and Bath Products increased 17 percent in 1997 over 1996 and 10 percent in 1996 over 1995; after adjusting for acquisitions, net sales increased 7 percent for each of the last two years, 1997 over 1996 and 1996 over 1995. These increases are largely due to higher unit sales volume of cabinets, faucets and other kitchen and bath products, and to a lesser extent, new product introductions and selling price increases.

Operating profit of the Company's Kitchen and Bath Products, before general corporate expense, was \$539 million, \$462 million and \$411 million in 1997, 1996 and 1995, respectively. Operating margin, before general corporate expense, remained unchanged at 18.3 percent for 1997 and 1996 compared with 18.0 percent in 1995. Higher unit sales volumes in 1997 contributed to improved operating results of the Company's U.S. cabinet, other kitchen and bath and faucet businesses, including the leveraging of fixed and semi-fixed selling, general and administrative expenses over a higher sales base. These improved results were offset by the weaker results of the Company's European operations included in this segment and the modestly lower margins of companies acquired in 1997.

Operating results of this business segment showed a net improvement in 1996 over 1995 as a result of higher unit sales volume, increased efficiency and utilization of new and existing manufacturing facilities and the leverage of fixed and semi-fixed selling, general and administrative expenses over a higher sales base, which more than offset the modestly weaker results of the Company's U.S. cabinet businesses and the lower results of European operations. Operating results of the Company's U.S. cabinet businesses were modestly weaker in 1996 and 1995 due to the influence of a higher percentage of lower margin sales to total sales and the recognition of certain expenses for various initiatives undertaken to improve manufacturing processes and customer service and to shorten product delivery time.

Other Specialty Products

Net sales of the Company's Other Specialty Products increased 14 percent in 1997 over 1996 and 11 percent in 1996 over 1995. After adjusting for acquisitions, net sales increased 7 percent in 1997 over 1996 and, after adjusting for acquisitions and divestitures, increased 7 percent in 1996 over 1995. Operating profit of the Company's Other Specialty Products, before general corporate expense, was

17

19

\$130 million, \$104 million, and \$82 million in 1997, 1996 and 1995, respectively. Operating margin, before general corporate expense, improved to 15.9 percent in 1997 from 14.5 percent in 1996 and 12.7 percent in 1995.

The upward trend in operating results for this segment principally includes the benefits of higher installation sales of fiberglass insulation and higher unit sales volume of mechanical and electronic lock sets. Operating results of this segment benefited in 1996 from the leverage of fixed and semi-fixed selling, general and administrative expenses over a higher sales base and the divestiture of two underperforming operations. Operating results were negatively affected in 1997, 1996 and 1995 by lower results of European operations.

GEOGRAPHIC AREA RESULTS

North America

Net sales of North American operations increased 15 percent in 1997 over 1996 and 10 percent in 1996 over 1995. Net sales of North American operations, after adjusting for acquisitions, increased 8 percent in 1997 over 1996 and, after adjusting for acquisitions and divestitures, increased 9 percent in 1996 over 1995. Operating profit from North American operations, before general corporate expense, was \$570 million, \$479 million and \$407 million for 1997, 1996 and 1995, respectively. Operating margin, before general corporate expense, improved to 18.6 percent in 1997 from 17.9 percent in 1996 and 16.7 percent in 1995.

Operating results of North American operations in 1997 and 1996 benefited from higher sales volume which was partly driven by an increase in U.S. housing transactions, including higher levels of new construction and existing home sales. Operating results of North American operations in 1995 were lower, in part due to plant start-up costs related to a major new faucet facility and product sales mix. Operating results of the Company's Canadian operations improved in 1997 over 1996 after being relatively flat in 1996 over 1995.

Europe

Net sales of European operations increased 24 percent in 1997 over 1996 and 15 percent in 1996 over 1995; after adjusting for acquisitions, net sales decreased 5 percent in 1997 as compared with 1996 and decreased 1 percent in 1996 as compared with 1995. Operating profit from European operations, before general corporate expense, was \$99 million, \$87 million and \$86 million for 1997, 1996 and 1995, respectively. Operating margin from European operations, before general corporate expense, decreased to 14.4 percent in 1997 following a decline to 15.6 percent in 1996 from 17.7 percent in 1995.

Results of European operations were lower over the past three years, in part due to softness in the Company's European markets beginning in mid-1995, competitive pricing pressures on certain products and the influence of a higher percentage of lower margin sales to total sales. In addition, a stronger U.S. dollar had a negative effect on the translation of European results in 1997 compared with 1996 and 1996 compared with 1995, lowering European net sales by approximately 12 percent and 3 percent, respectively. Excluding acquisitions, net sales of European operations increased approximately 6 percent in local currencies.

OTHER MATTERS

The Company is currently working to resolve the potential impact of the year 2000 on the processing of date-sensitive information by the Company's computerized information and other systems. The year 2000 issue is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Company's programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. Based on preliminary information, costs of addressing the year

18

20

2000 issue are not currently expected to have a materially adverse impact on the Company's financial position, results of operations or cash flows in future periods.

On January 22, 1998, MascoTech, Inc. announced the completion of its acquisition of TriMas Corporation. The Company will record in the first quarter of 1998, as a result of selling its common stock investment in TriMas to MascoTech in the public tender offer, an approximate \$29 million pre-tax gain.

RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting of Comprehensive Income," SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," and SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits," become effective in 1998 and should not have a material effect on the Company's financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company considered the provisions of Financial Reporting Release No. 48 "Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments, and Disclosure of Quantitative and Qualitative Information about Market Risk Inherent in Derivative Financial Instruments, Other Financial Instruments and Derivative Commodity Instruments." The Company had no holdings of derivative financial or commodity-based instruments at December 31, 1997. A review of the Company's other financial instruments and risk exposures at that date revealed that the Company had exposure to interest rate and foreign currency exchange rate risks. At December 31, 1997, the Company performed sensitivity analyses to assess the potential effect of these risks and concluded that near-term changes in interest rates and foreign currency exchange rates should not materially affect the Company's financial position, results of operations or cash flows.

Other discussion regarding the Company's business risks is presented in the "Overview" caption above and in Item 1 "Business" of this Form 10-K.

19

21

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of Masco Corporation:

We have audited the accompanying consolidated balance sheets of Masco Corporation and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 1997 and the financial statement schedule as listed in Item 14(a)(2) of the Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Masco Corporation and subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
February 13, 1998

20

22

MASCO CORPORATION
CONSOLIDATED BALANCE SHEETS
AT DECEMBER 31, 1997 AND 1996

ASSETS

	1997	1996
	-----	-----
Current Assets:		
Cash and cash investments.....	\$ 441,330,000	\$ 473,730,000
Receivables.....	559,050,000	466,900,000
Inventories.....	515,000,000	411,940,000
Prepaid expenses and other.....	111,340,000	77,200,000
	-----	-----
Total current assets.....	1,626,720,000	1,429,770,000
Receivable from MascoTech, Inc.....	--	151,380,000
Equity investment in MascoTech, Inc.....	52,780,000	10,150,000
Equity investments in other affiliates.....	175,300,000	57,680,000
Securities of Furnishings International Inc.....	393,140,000	356,340,000
Property and equipment.....	1,037,320,000	940,590,000
Acquired goodwill, net.....	729,190,000	457,350,000
Other assets.....	319,310,000	298,390,000
	-----	-----
Total assets.....	\$4,333,760,000	\$3,701,650,000
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable.....	\$ 68,460,000	\$ 7,590,000
Accounts payable.....	166,310,000	149,500,000
Accrued liabilities.....	385,230,000	361,350,000
	-----	-----
Total current liabilities.....	620,000,000	518,440,000
Long-term debt.....	1,321,470,000	1,236,320,000
Deferred income taxes and other.....	163,270,000	107,080,000
	-----	-----
Total liabilities.....	2,104,740,000	1,861,840,000
	-----	-----
Shareholders' Equity:		
Common shares authorized: 400,000,000; issued: 1997-165,570,000; 1996-160,870,000.....	165,570,000	160,870,000
Preferred shares authorized: 1,000,000.....	--	--
Paid-in capital.....	304,560,000	140,010,000
Retained earnings.....	1,784,370,000	1,536,410,000
Cumulative translation adjustments.....	(25,480,000)	2,520,000
	-----	-----
Total shareholders' equity.....	2,229,020,000	1,839,810,000
	-----	-----
Total liabilities and shareholders' equity.....	\$4,333,760,000	\$3,701,650,000
	=====	=====

See notes to consolidated financial statements.

21

23

MASCO CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

	1997	1996	1995
Net sales.....	\$3,760,000,000	\$3,237,000,000	\$2,927,000,000
Cost of sales.....	2,378,250,000	2,048,070,000	1,846,330,000
Gross profit.....	1,381,750,000	1,188,930,000	1,080,670,000
Selling, general and administrative expenses...	775,930,000	696,290,000	668,310,000
Amortization of acquired goodwill.....	18,720,000	12,140,000	10,020,000
Operating profit.....	587,100,000	480,500,000	402,340,000
Other income (expense), net:			
Re: MascoTech, Inc.:			
Equity earnings.....	14,580,000	13,860,000	18,200,000
Gain from change in investment.....	29,500,000	--	--
Gain from sale of investments, net.....	--	67,800,000	--
Equity earnings, other affiliates.....	9,560,000	6,230,000	8,010,000
Other, net.....	70,010,000	8,990,000	(2,960,000)
Interest expense.....	(79,850,000)	(74,680,000)	(73,800,000)
	43,800,000	22,200,000	(50,550,000)
Income from continuing operations before income taxes.....	630,900,000	502,700,000	351,790,000
Income taxes.....	248,500,000	207,500,000	151,740,000
Income from continuing operations....	382,400,000	295,200,000	200,050,000
Discontinued operations (net of income taxes):			
Income from operations.....	--	--	8,270,000
Loss on disposition, net.....	--	--	(650,000,000)
Net income (loss).....	\$ 382,400,000	\$ 295,200,000	\$ (441,680,000)
Earnings per share from continuing operations:			
Basic.....	\$2.39	\$1.87	\$1.28
Diluted.....	\$2.30	\$1.82	\$1.25

See notes to consolidated financial statements.

22

24

MASCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

	1997	1996	1995
	-----	-----	-----
Cash Flows From (For):			
Operating Activities:			
Income from continuing operations.....	\$ 382,400,000	\$ 295,200,000	\$ 200,050,000
Depreciation and amortization.....	116,050,000	99,680,000	90,090,000
Unremitted equity earnings of affiliates...	(19,470,000)	(12,310,000)	(17,770,000)
Interest accrual on pay-in-kind notes receivable.....	(36,800,000)	(13,970,000)	--
Deferred income taxes.....	34,880,000	28,850,000	18,240,000
Gain from sale of MascoTech investments, net.....	--	(67,800,000)	--
Gain from change in MascoTech investment...	(29,500,000)	--	--
Increase in receivables.....	(41,560,000)	(7,510,000)	(56,660,000)
Increase in inventories.....	(38,770,000)	(1,890,000)	(13,970,000)
Increase in accounts payable and accrued liabilities, net.....	44,960,000	38,410,000	42,110,000
Other, net.....	(7,160,000)	(18,520,000)	(1,180,000)
	-----	-----	-----
Net cash from operating activities of continuing operations.....	405,030,000	340,140,000	260,910,000
Operating activities of discontinued operations.....	--	--	60,370,000
	-----	-----	-----
Net cash from operating activities...	405,030,000	340,140,000	321,280,000
	-----	-----	-----
Investing Activities:			
Acquisition of companies, net of cash acquired.....	(186,920,000)	(173,110,000)	--
Capital expenditures.....	(167,400,000)	(138,540,000)	(165,080,000)
Cash proceeds from sale of:			
Discontinued operations.....	--	707,630,000	--
MascoTech investments.....	--	115,000,000	--
Formica investment.....	--	--	74,470,000
Collection of MascoTech receivable.....	45,580,000	--	--
Other, net.....	(4,900,000)	53,830,000	(12,390,000)
Investing activities of discontinued operations.....	--	--	(38,290,000)
	-----	-----	-----
Net cash from (for) investing activities.....	(313,640,000)	564,810,000	(141,290,000)
	-----	-----	-----
Financing Activities:			
Retirement of notes.....	--	(250,000,000)	(200,000,000)
Increase in other debt.....	90,550,000	537,380,000	497,830,000
Payment of other debt.....	(82,660,000)	(655,540,000)	(350,010,000)
Cash dividends paid.....	(131,680,000)	(123,530,000)	(116,350,000)
Financing activities of discontinued operations.....	--	--	12,480,000
	-----	-----	-----
Net cash (for) financing activities...	(123,790,000)	(491,690,000)	(156,050,000)
	-----	-----	-----
Cash and Cash Investments:			
Increase (decrease) for the year.....	(32,400,000)	413,260,000	23,940,000
At January 1.....	473,730,000	60,470,000	36,530,000
	-----	-----	-----
At December 31.....	\$ 441,330,000	\$ 473,730,000	\$ 60,470,000
	=====	=====	=====

See notes to consolidated financial statements.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

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

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

Receivables. The Company does significant business with a number of individual customers, including home centers. The Company monitors its exposure for credit losses and maintains adequate allowances for doubtful accounts; the Company does not believe that significant credit risks exist. At December 31, 1997 and 1996 accounts and notes receivable are presented net of allowances for doubtful accounts of \$19.8 million and \$17.9 million, respectively.

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

Depreciation and Amortization. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 to 10 percent, and machinery and equipment, 5 to 33 percent. Depreciation was \$81.4 million, \$71.7 million and \$65.3 million in 1997, 1996 and 1995, respectively.

Acquired goodwill, resulting from acquisitions of companies, is being amortized using the straight-line method over periods not exceeding 40 years; at December 31, 1997 and 1996 such accumulated amortization totalled \$82.8 million and \$70.2 million, respectively. At each balance sheet date, management evaluates the recoverability of acquired goodwill by measuring the carrying value of the asset to the associated current and projected annual sales, operating profit and undiscounted annual cash flows; management also considers business prospects, market trends and other economic factors in performing this evaluation. Based on this evaluation, there was no permanent impairment related to acquired goodwill at December 31, 1997 and 1996. Purchase costs of patents are being amortized using the straight-line method over the legal lives of the patents, not to exceed 17 years. Amortization of intangible assets totalled \$34.6 million, \$28.0 million and \$24.8 million in 1997, 1996 and 1995, respectively.

Fair Value of Financial Instruments. The carrying value of financial instruments reported in the balance sheet for current assets and current liabilities approximates fair value. The fair value of financial instruments that are carried as long-term investments (other than those accounted for by the equity method) was based principally on quoted market prices for those or similar investments or by discounting future cash flows using a discount rate that approximates the risk of the underlying investments. The fair value of the Company's long-term debt instruments was based principally on

24

26

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCOUNTING POLICIES -- (CONCLUDED)

quoted market prices for the same or similar issues or the current rates available to the Company for debt with similar terms and remaining maturities. The aggregate market value of the Company's long-term investments and long-term debt at December 31, 1997 was approximately \$509 million and \$1,386 million, as compared with the Company's aggregate carrying value of \$498 million and \$1,321 million, respectively, and at December 31, 1996 the aggregate market value was approximately \$631 million and \$1,248 million, as compared with the Company's aggregate carrying value of \$601 million and \$1,236 million, respectively.

ACQUISITIONS

During 1997, the Company acquired Texwood Industries, Inc., a U.S. manufacturer of kitchen and bath cabinetry, and five other home improvement and building products companies, including two companies in Europe.

The results of operations for these acquisitions are included in the consolidated financial statements from the dates of acquisition. Had these companies been acquired effective January 1, 1996, pro forma unaudited consolidated net sales and net income would have approximated \$3,909 million and \$390 million for 1997 and \$3,575 million and \$309 million for 1996, respectively, and pro forma unaudited consolidated diluted earnings per share would have approximated \$2.33 and \$1.87 for 1997 and 1996, respectively.

The combined purchase price for these acquisitions, including assumed debt, aggregated approximately \$430 million and included approximately 2.9 million shares of Company common stock, with the balance in cash and a short-term note. The acquisitions were accounted for as purchase transactions. The net cash paid for companies acquired in 1997 is as follows, in thousands:

Combined purchase price, excluding \$70 million of assumed debt.....	
\$359,280	
Common stock issued.....	
119,360	
Note issued (paid in early 1998).....	
53,000	

Net cash paid.....	
\$186,920	
=====	

DISCONTINUED OPERATIONS

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. An aggregate provision of \$650 million was recorded in the fourth quarter of 1995 for the estimated loss on the discontinued operations through the expected disposal date, the reduction of assets to their estimated net realizable value and the anticipated liabilities related to the disposal.

Basic and diluted earnings per share for 1995 from discontinued operations were both \$.05. Basic and diluted loss per share for 1995 from the loss on disposition of discontinued operations were \$4.15 and \$4.05, respectively.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DISCONTINUED OPERATIONS -- (CONCLUDED)

During August 1996, the Company completed the sale of its home furnishings products segment to Furnishings International Inc. Total proceeds to the Company from the sale were, in millions:

Cash.....		\$
708		
Junior debt securities (12% pay-in-kind).....		
285		
Preferred stock (13% cumulative).....		
Common stock (15% ownership).....		
57		
Convertible preferred stock.....		

Total proceeds from the sale.....		
\$1,050		
=====		

The junior debt securities mature in 2008. The convertible preferred stock represents transferable rights for up to a 25 percent common ownership, although the Company is restricted from maintaining an ownership in excess of 20 percent of Furnishings International's common equity. As such, the Company will not acquire additional common equity, except for purposes of resale only. Of the cash proceeds received from this sale, approximately \$550 million was applied to reduce bank debt.

Under a transitional services agreement, the Company provided corporate-related services for a fee to Furnishings International through April 1997. Substantially all of these services were discontinued after such date.

INVENTORIES

	(IN	
THOUSANDS)	AT DECEMBER 31	
-----	1997	1996
-----	-----	-----
Raw material.....	\$229,040	
\$185,500		
Finished goods.....	161,920	
135,190		
Work in process.....	124,040	
91,250		

	\$515,000	
\$411,940		
=====	=====	

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

EQUITY INVESTMENTS IN AFFILIATES

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

AT DECEMBER 31

-----	1997	1996	
1995	----	----	

MascoTech, Inc.....	17%	21%	45%
Emco Limited.....	42%	--	--
Hans Grohe, a German partnership.....	27%	27%	27%
TriMas Corporation.....	4%	4%	5%

Excluding the partnership interest in Hans Grohe, for which there is no quoted market value, the aggregate market value of the Company's equity investments at December 31, 1997 (which may differ from the amounts that could then have been realized upon disposition), based upon quoted market prices at that date, was \$319 million, as compared with the Company's related aggregate carrying value

26

28

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EQUITY INVESTMENTS IN AFFILIATES -- (CONTINUED)

of \$182 million. The Company's carrying value in common stock of these equity affiliates exceeds its equity in the underlying net book value by approximately \$79 million at December 31, 1997. This excess is being amortized over a period not to exceed 40 years.

During the second quarter of 1997, MascoTech effected conversion of all of its publicly held outstanding convertible preferred stock with the issuance of approximately 10 million shares of its common stock. This conversion reduced the Company's common equity ownership in MascoTech to 17 percent from 21 percent, and increased the Company's equity in MascoTech's net book value by approximately \$29.5 million.

MascoTech holds an option expiring in 2002 to require the Company to purchase up to \$200 million aggregate amount of subordinated debt securities of MascoTech.

During the fourth quarter of 1996, the Company completed the sale to MascoTech of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. This transaction reduced the Company's common equity ownership in MascoTech from 45 percent to 21 percent and resulted in a fourth quarter 1996 pre-tax gain of \$67.8 million (\$40.7 million after-tax). Under the sale agreement, the Company received approximately \$266 million, with \$115 million paid at closing. The Company earned interest income at 6.625% on the \$151 million balance of the consideration, which was paid by MascoTech to the Company on September 30, 1997; as provided for in the sale agreement, MascoTech at that date delivered to the Company 9.9 million shares (approximately 42 percent) of the outstanding common stock of Emco Limited and \$45.6 million in cash. MascoTech recognized a \$29.3 million after-tax gain from the delivery to the Company of the Emco Limited common stock. The Company's recording of equity earnings from MascoTech for 1997 excludes the effect of such gain due to the related-party nature of the transaction. Emco Limited is a leading Canadian distributor and manufacturer of home improvement and building products.

On January 22, 1998, MascoTech announced the completion of its acquisition of TriMas Corporation. The Company will record in the first quarter of 1998, as a result of selling its common stock investment in TriMas to MascoTech in the public tender offer, an approximate \$29 million pre-tax gain.

27

29

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EQUITY INVESTMENTS IN AFFILIATES -- (CONCLUDED)

Approximate combined condensed financial data of the above-listed affiliates, including Emco Limited at December 31, 1997 and for the year then ended, are summarized in U.S. dollars as follows, in thousands:

	1997	1996	1995

Net sales.....	\$2,745,570	\$ 2,136,740	
\$2,488,900			
=====			
Income from continuing operations before income taxes.....	\$ 333,540	\$ 181,710	\$
201,860			
=====			
Net income attributable to common shareholders.....	\$ 201,990	\$ 109,500	\$
115,570			
=====			
The Company's net equity in above net income.....	\$ 24,140	\$ 20,090	\$
26,210			
=====			
Cash dividends received by the Company from affiliates.....	\$ 4,670	\$ 7,780	\$
8,440			
=====			
At December 31:			
Current assets.....	\$ 973,900	\$ 770,980	
Current liabilities.....	(436,250)	(287,200)	
	-----	-----	
Working capital.....	537,650	483,780	
Property and equipment.....	776,470	662,520	
Other assets.....	504,810	571,610	
Long-term liabilities.....	(980,990)	(1,152,980)	
	-----	-----	
Shareholders' equity.....	\$ 837,940	\$ 564,930	
	=====	=====	

Equity in undistributed earnings of affiliates of \$43 million at December 31, 1997, \$32 million at December 31, 1996 and \$30 million at December 31, 1995 are included in consolidated retained earnings.

PROPERTY AND EQUIPMENT

THOUSANDS)

(IN
AT DECEMBER 31

	1997	1996
-----	-----	

Land and improvements.....	\$ 70,120	\$
68,750		
Buildings.....	465,920	
428,860		
Machinery and equipment.....	1,089,330	
976,470		
-----	-----	
	1,625,370	
1,474,080		
Less, accumulated depreciation.....	588,050	
533,490		
-----	-----	
	\$1,037,320	\$
940,590		
=====	=====	

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCRUED LIABILITIES

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1997	1996
-----	-----	
Salaries, wages and related retirement benefits.....	\$ 96,160	\$
92,450		
Advertising and sales promotion.....	86,170	
51,150		
Insurance.....	48,930	
49,260		
Dividends payable.....	34,000	
31,240		
Interest.....	26,990	
22,130		
Property, payroll and other taxes.....	24,760	
26,330		
Other.....	68,220	
88,790		
-----	-----	
\$361,350	\$385,230	
=====	=====	

LONG-TERM DEBT

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1997	1996
-----	-----	
Notes, 6.625%, due September 15, 1999.....	\$ 200,000	\$
200,000		
Notes, 9%, due October 1, 2001.....	175,000	
175,000		
Notes, 6.125%, due September 15, 2003.....	200,000	
200,000		
Notes, 7.125%, due August 15, 2013.....	200,000	
200,000		
European bank debt.....	329,300	
275,050		
Convertible subordinated debentures, 5.25%, due		
2012.....	177,920	
177,920		
Other, principally acquisition-related in 1997.....	107,710	
15,940		

	1,389,930	
1,243,910		
Less, current portion.....	68,460	
7,590		

	\$1,321,470	
\$1,236,320		
	=====	
=====		

All of the notes above are nonredeemable.

European bank debt relates to borrowings of local currency for acquisitions and expansion, primarily in Germany. At December 31, 1997, approximately \$222 million of European debt related to a term loan facility expiring in 2002. The balance of \$107 million represents borrowings under lines of credit primarily expiring in 2002. Interest is payable on European borrowings based upon various floating rates as selected by the Company (approximately 4 percent at December 31, 1997).

The Company called the 5.25% subordinated debentures due 2012 for redemption on February 12, 1998. Substantially all holders exercised their right to convert these debentures into Company common stock (at the conversion price of \$42.28 per share), resulting in the issuance of approximately 4.2 million shares of Company common stock in February 1998.

Certain debt agreements contain limitations on additional borrowings and requirements for maintaining a certain level of tangible net worth. At December 31, 1997, the Company was in compliance with these limitations and requirements, and the Company's tangible net worth exceeded the most restrictive of such provisions by approximately \$171 million.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

LONG-TERM DEBT -- (CONCLUDED)

At December 31, 1997, the maturities of long-term debt during each of the next five years were approximately as follows: 1998-\$68.5 million; 1999-\$232.0 million; 2000-\$16.0 million; 2001-\$186.6 million; and 2002-\$5.6 million.

The Company has a \$750 million bank revolving-credit agreement, with any outstanding balance due and payable in November 2001. There was no outstanding balance as of December 31, 1997. Interest is payable on borrowings under this agreement based upon various floating rates as selected by the Company.

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

Interest paid was approximately \$75 million, \$102 million and \$115 million in 1997, 1996 and 1995, respectively. Amounts paid in 1996 and 1995 include interest pertaining to discontinued operations.

SHAREHOLDERS' EQUITY

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Common Shares, \$1 Par Value			
Balance, January 1.....	\$ 160,870	\$ 160,380	\$ 156,990
Shares issued.....	4,700	490	3,390
	-----	-----	-----
Balance, December 31.....	165,570	160,870	160,380
	-----	-----	-----
Paid-In Capital			
Balance, January 1.....	140,010	128,550	44,840
Shares issued.....	164,550	11,460	83,710
	-----	-----	-----
Balance, December 31.....	304,560	140,010	128,550
	-----	-----	-----
Retained Earnings			
Balance, January 1.....	1,536,410	1,366,330	1,924,740
Net income (loss).....	382,400	295,200	
(441,680)			
Cash dividends declared.....	(134,440)	(125,120)	
(116,730)			
	-----	-----	-----
Balance, December 31.....	1,784,370	1,536,410	1,366,330
	-----	-----	-----
Cumulative Translation Adjustments			
Balance, December 31.....	(25,480)	2,520	170
	-----	-----	-----
Shareholders' Equity			
Balance, December 31.....	\$2,229,020	\$1,839,810	\$1,655,430
	=====	=====	=====

On the basis of amounts paid (declared), cash dividends per share were \$.81 (\$.82) in 1997, \$.77 (\$.78) in 1996 and \$.73 (\$.74) in 1995.

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

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHAREHOLDERS' EQUITY -- (CONCLUDED)

Financial statements of non-U.S. operations are translated into U.S. dollars using exchange rates in effect at year-end for assets and liabilities and using weighted average exchange rates in effect during the year for results of operations. Adjustments resulting from such translation are reflected as cumulative translation adjustments in shareholders' equity.

At December 31, 1997, the Company had remaining authorization to repurchase up to 7.2 million shares of its common stock in open-market transactions or otherwise.

STOCK OPTIONS AND AWARDS

The Company's 1991 Long Term Stock Incentive Plan (the "Plan") provides for the issuance of stock-based incentives in various forms. At December 31, 1997, outstanding stock-based incentives were primarily in the form of restricted long-term stock awards and stock options.

The Company granted long-term stock awards, net of cancellations, for 790,000, 540,000 and 1,250,000 shares of Company common stock during 1997, 1996 and 1995, respectively, to key employees of the Company and to non-employee Directors of the Company. These long-term stock awards do not cause net share dilution inasmuch as the Company reacquires an equal number of shares on the open market. The weighted average grant date fair value per share of long-term stock awards granted during 1997, 1996 and 1995 was \$42, \$31 and \$27, respectively. Compensation expense for the annual vesting of long-term stock awards was \$14.0 million, \$14.9 million and \$13.3 million in 1997, 1996 and 1995, respectively. The unamortized costs of unvested stock awards, aggregating approximately \$95.5 million at December 31, 1997, are included in other assets and are being amortized over the typical 10-year vesting periods.

Fixed stock options are granted to key employees of the Company and to non-employee Directors of the Company, and have a maximum term of 10 years. The exercise price of each fixed option, other than the option described below to the Company's Chief Executive Officer granted during 1996 at an exercise price in excess of the current market price, equals the market price of Company common stock on the date of grant. These options generally vest in installments beginning in the third year and extending through the eighth year after grant.

During 1997, the Company granted original stock options for 2,840,000 shares of Company common stock with an exercise price of \$39 per share (equal to the market price on the grant date). Twenty percent of such options became exercisable in late 1997 when the Company's common stock price exceeded \$50 per share for the required period. An additional twenty percent will become exercisable if the price of Company common stock exceeds \$55 for the required period by May 2000; the remaining sixty percent (eighty percent if the \$55 target was not exceeded) of such options will become exercisable if the price of Company common stock reaches \$60 per share for the required period by May 2001. If neither target is met, the remaining eighty percent of such options become exercisable in March 2007; however, the recipients of these options have stated that they will not exercise them unless they become exercisable earlier as a result of meeting the price targets. The Company also granted restoration stock options for 139,000 shares of Company common stock with grant date exercise prices ranging from \$35 to \$52 (the market prices on the grant dates) and stock options for 28,000 shares of Company common stock to non-employee Directors of the Company with an exercise price of \$39.

To demonstrate his commitment to increase the market value of Company common stock for the benefit of shareholders, in 1996 the Company's Chief Executive Officer requested that his annual salary and bonus be reduced indefinitely to \$1 per year effective January 1, 1996. The Compensation Committee of the Board of Directors, in acceding to this request, considered alternative compensation

31

33

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STOCK OPTIONS AND AWARDS -- (CONTINUED)

arrangements for the Chief Executive Officer and in April 1996 granted the Chief Executive Officer a 10-year option, with a \$41 exercise price when the market price was \$27 7/8 per share, to purchase one million shares of Company common stock. This option became exercisable in 1997 when the price of Company common stock exceeded \$41 per share.

As a demonstration of their commitment to enhance shareholder value and alignment with shareholder interests, in 1996 other officers and certain other key employees of the Company voluntarily accepted an effective 15 percent salary reduction with salaries frozen indefinitely at that level. This reduction in compensation was replaced with stock options and career stock awards. The stock options were granted with an exercise price of \$32 (equal to the market price on the grant date). Annual vestings of such stock options commenced in 1997 as a result of the Company common stock price exceeding \$41 per share for the required period. Such options were granted for approximately 1,615,000 shares of Company common stock. In addition, in 1996 when the market price of Company common stock was \$32 per share, the executive officers were granted career stock awards; annual vestings of such awards commenced in 1997 as a result of the Company common stock price exceeding \$50 per share for the required period in late 1997.

A summary of the status of the Company's stock options granted for the three years ended December 31, 1997 is presented below.

	(SHARES IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----

Option shares outstanding, January 1.....	7,308	5,456	
5,510			
Weighted average exercise price.....	\$28	\$23	
\$23			
Option shares granted.....	3,007	2,680	
205			
Weighted average exercise price.....	\$39	\$35	
\$28			
Option shares exercised.....	2,138	467	
196			
Weighted average exercise price.....	\$25	\$21	
\$21			
Option shares cancelled.....	77	361	
63			
Weighted average exercise price.....	\$21	\$22	
\$21			
Option shares outstanding, December 31.....	8,100	7,308	
5,456			
Weighted average exercise price.....	\$33	\$28	
\$23			
Weighted average remaining option term (in years)...	7.2	5.5	
4.3			
Option shares exercisable, December 31.....	2,294	2,807	
2,916			
Weighted average exercise price.....	\$31	\$24	
\$24			

Of the 2,294,000 option shares exercisable at December 31, 1997, 1,004,000 were exercisable at per share prices ranging from \$21 to \$25, with a weighted average exercise price of \$21; 290,000 were exercisable at per share prices ranging from \$28 to \$39, with a weighted average exercise price of \$32; and 1,000,000 were exercisable at \$41 per share.

At December 31, 1997, a combined total of 5,668,000 shares of Company common stock was available for the granting of stock options and long-term stock awards under the Plan.

During 1997, the Company adopted the "1997 Non-Employee Directors Stock Plan" (the "Directors Stock Plan"), which provides for the payment of compensation to non-employee Directors in part in Company common stock. Approximately 51,000 shares of Company common

stock were granted in 1997 in the form of stock options and long-term stock awards under this plan. Such options and long-term stock awards are included in the information provided above. At December 31, 1997, a

32
34

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STOCK OPTIONS AND AWARDS -- (CONCLUDED)

combined total of 449,000 shares of Company common stock was available for the granting of stock options and long-term stock awards under the Directors Stock Plan.

The Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees," and, accordingly, the Company's stock options do not constitute compensation expense in the determination of net income in the statement of operations. Had stock option compensation expense been determined pursuant to the methodology of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," the pro forma effect would have been a reduction in the Company's diluted earnings per share of approximately \$.05 and \$.03 in 1997 and 1996, respectively, with no effect in 1995.

For SFAS 123 calculation purposes, the weighted average grant date fair values of options granted in 1997, 1996 and 1995 were \$12.54, \$11.20 and \$8.44, respectively. The fair values of these options were estimated at the grant dates using a Black-Scholes option pricing model with the following assumptions for 1997, 1996 and 1995, respectively: risk free interest rate -- 6.7%, 6.7% and 6.5%; dividend yield -- 2.5% (all years); volatility factor -- 27%, 25% and 27%; and expected option life -- 7 years (all years).

Pursuant to the 1984 Restricted Stock (MascoTech) Incentive Plan, the Company may award to key employees of the Company and affiliated companies shares of common stock of MascoTech, Inc. held by the Company. No such awards were granted in 1997, 1996 or 1995. At December 31, 1997, there were 4,695,000 of such shares available for granting future awards under this plan.

The data in this note include discontinued operations.

EMPLOYEE RETIREMENT PLANS

The Company sponsors defined-benefit pension plans and defined-contribution retirement plans for most of its employees. In addition, substantially all salaried employees participate in non-contributory profit-sharing plans, to which payments are determined annually by the Directors. Aggregate charges to income under the Company's pension and profit-sharing plans were \$23.9 million in 1997, \$24.4 million in 1996 and \$24.0 million in 1995.

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

	(IN THOUSANDS)		
	1997	1996	1995
Service cost.....	\$ 7,090	\$ 6,220	\$ 5,050
Interest cost.....	10,170	9,450	8,430
Actual return on assets.....	(6,760)	(7,070)	
(11,550)			
Net amortization and deferral.....	(3,900)	(2,610)	2,550
Net periodic pension cost.....	\$ 6,600	\$ 5,990	\$ 4,480
	=====	=====	=====

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EMPLOYEE RETIREMENT PLANS -- (CONCLUDED)

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

	1997	1996	
	----- ACCUMULATED BENEFITS EXCEED ASSETS -----	ASSETS EXCEED ACCUMULATED BENEFITS -----	ACCUMULATED BENEFITS EXCEED ASSETS -----
Actuarial present value of benefit obligations:			
Vested benefit obligation.....	\$115,060 =====	\$ 71,060 =====	\$30,920 =====
Accumulated benefit obligation.....	\$123,480 =====	\$ 73,400 =====	\$32,110 =====
Projected benefit obligation.....	\$152,320	\$ 97,430	\$32,110
Assets at fair value.....	106,520 -----	76,910 -----	25,130 -----
Projected benefit obligation in excess of plan assets.....	(45,800)	(20,520)	(6,980)
Reconciling items:			
Unrecognized net loss.....	40,340	18,830	6,210
Unrecognized prior service cost.....	3,110	60	3,690
Unrecognized net asset at transition.....	(2,800)	(2,530)	(890)
Requirement to recognize minimum liability.....	(16,320) -----	-- -----	(9,010) -----
Accrued pension cost.....	\$(21,470) =====	\$ (4,160) =====	\$(6,980) =====

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

	1997	1996	1995
	-----	-----	
Discount rate for obligations.....	7.0%	7.5%	
7.25%			
Rate of increase in compensation levels.....	5.0%	5.0%	5.0
%			
Expected long-term rate of return on plan assets.....	11.0%	11.0%	11.0
%			

In addition to the Company's qualified pension plans, the Company has non-qualified unfunded supplemental pension plans covering certain employees, which provide for pension benefits in addition to those provided by the qualified pension plans. The actuarial present value of accumulated benefit obligations and projected benefit obligations related to these non-qualified pension plans totaled \$30.8 million and \$39.1 million, and \$24.7 million and \$30.2 million at December 31, 1997 and 1996, respectively; net periodic pension cost for these plans was \$4.7 million, \$4.9 million and \$3.7 million in 1997, 1996 and 1995, respectively.

The Company sponsors certain postretirement benefit plans that provide medical, dental and life insurance coverage for eligible retirees and dependents in the United States based on age and length of service. At December 31, 1997, the aggregate present value of the unfunded accumulated postretirement benefit obligation approximated \$4.0 million.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SEGMENT INFORMATION

The Company's operations in the industry segments detailed below consist of the manufacture, installation and sale of the following home improvement and building products:

Kitchen and Bath Products -- kitchen and bath cabinets; kitchen appliances; faucets; plumbing fittings; bath and shower tubs and enclosures; whirlpools and spas; and bath accessories.

Other Specialty Products -- builders' hardware, including mechanical and electronic lock sets; venting and ventilating equipment; insulation; rolling shutters; balcony railing systems; and water pumps.

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

The Company's operations are principally located in North America and Europe.

Corporate assets consist primarily of real property, cash and cash investments and other investments.

Pursuant to a corporate services agreement to provide MascoTech, Inc. and TriMas Corporation with certain corporate staff and administrative services, the Company charges a fee approximating .8 percent of MascoTech and TriMas net sales. The fees charged to MascoTech and TriMas approximated \$6 million and \$4 million in 1997, \$7 million and \$3 million in 1996 and \$9 million and \$3 million in 1995, respectively, and are included as a reduction of general corporate expense.

35

37

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SEGMENT INFORMATION -- (CONCLUDED)

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

	NET SALES(1) (2) (3)			OPERATING PROFIT			(IN THOUSANDS) ASSETS AT DECEMBER 31		
	1997	1996	1995	1997	1996	1995	1997	1996	1995
	-----	-----	-----	-----	-----	-----	-----	-----	-----
The Company's operations by segment were:									
Kitchen and Bath Products.....	\$2,940,000	\$2,519,000	\$2,283,000	\$539,000	\$462,000	\$411,000	\$2,023,000	\$1,646,000	\$1,445,000
Other Specialty Products.....	820,000	718,000	644,000	130,000	104,000	82,000	834,000	632,000	591,000
Total.....	\$3,760,000	\$3,237,000	\$2,927,000	\$669,000	\$566,000	\$493,000	\$2,857,000	\$2,278,000	\$2,036,000
The Company's operations by geographic area were:									
North America...	\$3,072,000	\$2,680,000	\$2,441,000	\$570,000	\$479,000	\$407,000	\$2,146,000	\$1,667,000	\$1,623,000
Europe.....	688,000	557,000	486,000	99,000	87,000	86,000	711,000	611,000	413,000
Total.....	\$3,760,000	\$3,237,000	\$2,927,000	669,000	566,000	493,000	2,857,000	2,278,000	2,036,000
Other (income) expense, net.....				44,000	22,000	(51,000)			
General corporate expense, net.....				(82,000)	(85,000)	(90,000)			
Income from continuing operations before income taxes(4) ..				\$631,000	\$503,000	\$352,000			
Equity investments in and receivable from affiliates.....							228,000	220,000	265,000
Securities of Furnishings International Inc.....							393,000	356,000	--
Corporate assets.....							856,000	848,000	425,000
Net assets of discontinued operations.....							--	--	1,053,000
Total assets.....	\$4,334,000	\$3,702,000	\$3,779,000						

	PROPERTY ADDITIONS(5)		
	1997	1996	1995
-----	-----	-----	-----
The Company's operations by segment were:			
Kitchen and Bath Products.....	\$149,000	\$116,000	\$111,000
Other Specialty Products.....	61,000	42,000	43,000
Total.....	\$210,000	\$158,000	\$154,000

	DEPRECIATION AND AMORTIZATION		
	1997	1996	1995
-----	-----	-----	-----
The Company's operations by segment were:			
Kitchen and Bath Products.....	\$69,000	\$58,000	\$51,000
Other Specialty Products.....	28,000	21,000	20,000
Total.....	\$97,000	\$79,000	\$71,000

(1) Included in net sales in 1997, 1996 and 1995 are export sales from the U.S. of \$58.8 million, \$46.2 million and \$40.9 million, respectively.

(2) Intra-company sales among segments and geographic areas represented less than one percent of consolidated net sales in 1997, 1996 and 1995.

(3) Includes net sales to one customer in 1997 of \$392 million.

(4) Income from continuing operations before income taxes and net income pertaining to continuing foreign operations were \$93 million and

\$45 million, \$82 million and \$40 million, and \$96 million and \$52 million for 1997, 1996 and 1995, respectively.

(5) Property additions include assets of acquired companies.

36
38

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER INCOME (EXPENSE), NET

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Re: MascoTech, Inc.:			
Equity earnings.....	\$ 14,580	\$ 13,860	\$ 18,200
	-----	-----	-----
Gain from change in investment.....	29,500	--	--
	-----	-----	-----
Gain from sale of investments, net.....	--	67,800	--
	-----	-----	-----
Equity earnings, other affiliates.....	9,560	6,230	8,010
	-----	-----	-----
Other, net:			
Income from cash and cash investments.....	17,280	6,910	2,600
Other interest income.....	47,550	20,710	4,500
Other items.....	5,180	(18,630)	
(10,060)			
	-----	-----	-----
	70,010	8,990	
(2,960)			
	-----	-----	-----
Interest expense.....	(79,850)	(74,680)	
(73,800)			
	-----	-----	-----
	\$ 43,800	\$ 22,200	
\$(50,550)			
	=====	=====	=====

During the second quarter of 1997, MascoTech effected conversion of all of its publicly held outstanding convertible preferred stock with the issuance of approximately 10 million shares of its common stock. This conversion reduced the Company's common equity ownership in MascoTech to 17 percent from 21 percent, and increased the Company's equity in MascoTech's net book value by approximately \$29.5 million. As a result, the Company recognized a pre-tax gain of \$29.5 million during the second quarter of 1997.

Other interest income for 1997 and 1996 includes \$36.8 million and \$14.0 million, respectively, from the 12% pay-in-kind junior debt securities of Furnishings International Inc. Such interest income began to accrue in August 1996 upon the sale of the Company's home furnishings businesses. Other interest income for 1997 and 1996 also includes \$7.5 million and \$1.7 million, respectively of interest income from the \$151 million note receivable from MascoTech which was paid on September 30, 1997.

Other items in 1997 include \$10.8 million of dividend income from the Company's investment in Furnishings International's 13% cumulative preferred stock and net gains aggregating approximately \$28 million related to the sales of certain assets, as well as charges aggregating approximately \$30 million principally for the adjustment of the Company's Payless Cashways investment to its estimated fair value. Other items in 1996 include \$36.3 million of fourth quarter charges primarily related to adjustments of miscellaneous assets to their estimated fair value.

Interest expense in 1996 and 1995 is presented net of interest expense pertaining to discontinued operations of \$21.8 million and \$44.0 million, respectively.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES

THOUSANDS)	(IN		
	1997	1996	1995
	-----	-----	

Income from continuing operations before income taxes:			
Domestic.....	\$537,760	\$420,560	
\$256,190			
Foreign.....	93,140	82,140	
95,600			

	\$630,900	\$502,700	
\$351,790			
=====			
Provision for income taxes:			
Currently payable:			
Federal.....	\$146,940	\$119,250	\$
84,230			
State and local.....	25,570	18,280	
14,740			
Foreign.....	41,110	41,120	
34,530			
Deferred:			
Federal.....	28,240	27,880	
9,300			
Foreign.....	6,640	970	
8,940			

	\$248,500	\$207,500	
\$151,740			
=====			
Deferred tax assets at December 31:			
Intangibles.....	\$ 24,110	\$ 27,350	
Inventories.....	11,380	12,870	
Accrued liabilities.....	54,650	53,660	
Capital loss carryforward.....	149,470	163,960	
Other, principally equity investments.....	34,940	46,470	
	-----	-----	
	274,550	304,310	
Valuation allowance.....	(174,960)	(206,310)	
	-----	-----	
	99,590	98,000	
	-----	-----	
Deferred tax liabilities at December 31:			
Property and equipment.....	149,220	116,000	
Other.....	13,830	10,580	
	-----	-----	
	163,050	126,580	
	-----	-----	
Net deferred tax liability at December 31.....	\$ 63,460	\$ 28,580	
	=====	=====	

Net deferred tax liability at December 31, 1997 and 1996 consists of net short-term deferred tax assets of \$19.0 million and \$14.5 million, respectively, and net long-term deferred tax liabilities of \$82.5 million and \$43.1 million, respectively.

A valuation allowance of approximately \$175.0 million and \$206.3 million was recorded at December 31, 1997 and 1996, respectively, primarily due to the Company's inability to quantify the major portion of its capital loss carryforward which may ultimately be realized. Such capital loss benefit resulted from a \$149.5 million and \$164.0 million after-tax capital loss carryforward on the disposition of the Company's home furnishings products segment at December 31, 1997 and 1996, respectively, and a \$25.5 million and \$42.3 million after-tax future deductible temporary difference of a capital nature on the Company's equity and other investments at December 31, 1997 and 1996, respectively.

38

40

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES -- (CONCLUDED)

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

	1997	1996	
1995	----	----	

U.S. federal statutory rate.....	35%	35%	
35%			
State and local taxes, net of federal tax benefit.....	2	2	3
Higher taxes on foreign earnings.....	3	3	5
Dividends-received deduction.....	(1)	--	--
Amortization in excess of tax.....	1	1	1
Change in valuation allowance.....	(2)	1	--
Other, net.....	1	(1)	
(1)			
Effective tax rate on income from continuing operations...	--	--	--
43%	39%	41%	
	==	==	
			==

Income taxes paid were approximately \$178 million, \$201 million and \$170 million in 1997, 1996 and 1995, respectively. Amounts paid in 1996 and 1995 include taxes on discontinued operations.

Earnings of non-U.S. subsidiaries generally become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. Provision has not been made at December 31, 1997 for U.S. or additional foreign withholding taxes on approximately \$6.0 million of remaining undistributed net income of non-U.S. subsidiaries, as such income is intended to be permanently reinvested; it is not practical to estimate the amount of deferred tax liability on such income.

EARNINGS PER SHARE

At December 31, 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," which replaces the presentation of primary and fully diluted earnings per share, as computed under Accounting Principles Board ("APB") Opinion No. 15, with a presentation of basic and diluted earnings per share. The financial statements have been retroactively restated to conform with the earnings per share presentation required under SFAS No. 128.

The following are reconciliations of the numerators and denominators used in the computations of basic and diluted earnings per share, in thousands:

	1997	1996	1995
	-----	-----	

Numerator:			
Basic (income from continuing operations).....	\$382,400	\$295,200	
\$200,050			
Add convertible debenture interest, net (1)...	5,880	5,880	--
	-----	-----	

Diluted (income from continuing operations)...	\$388,280	\$301,080	
\$200,050			
	=====	=====	
=====			
Denominator:			
Basic shares (based on weighted average).....	159,700	157,500	
156,800			
Add:			
Contingently issued shares.....	3,300	3,100	
2,800			
Stock option dilution.....	1,600	900	
700			
Convertible debentures (1).....	4,200	4,200	--
	-----	-----	

Diluted shares.....	168,800	165,700	
160,300			
	=====	=====	
=====			

(1) Effect of convertible debentures in 1995 was antidilutive. The Company called these debentures for redemption on February 12, 1998. Substantially all holders exercised their right to convert these debentures into Company common stock.

39

41

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED)

The following presents the combined financial statements of the Company, MascoTech, Inc. and TriMas Corporation as one entity, with Masco Corporation as the parent company. These combined financial statements present the Company's former home furnishings products segment as discontinued operations. (See "Discontinued Operations" note.) Intercompany transactions have been eliminated. Amounts, except earnings per share, are in thousands.

-----	1997	1996
-----	-----	
COMBINED BALANCE SHEETS		
Assets		
Current assets:		
Cash and cash investments.....	\$ 587,820	\$
599,020		
Marketable securities.....	45,970	
37,760		
Receivables.....	768,030	
674,530		
Prepaid expenses and other.....	85,250	
81,320		
Deferred income taxes.....	80,520	
53,670		
Net current assets of businesses held for disposition.....	--	
85,980		
Inventories:		
Raw material.....	286,120	
238,250		
Finished goods.....	237,340	
209,590		
Work in process.....	162,460	
125,950		

	685,920	
573,790		

Total current assets.....	2,253,510	
2,106,070		
Equity investments in affiliates.....	280,970	
221,380		
Securities of Furnishings International Inc.....	393,140	
356,340		
Property and equipment.....	1,654,840	
1,523,590		
Acquired goodwill, net.....	925,120	
660,690		
Net non-current assets of businesses held for disposition.....	--	
22,850		
Other assets.....	421,170	
415,280		

Total assets.....	\$5,928,750	
\$5,306,200		
	=====	
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable.....	\$ 72,340	\$
16,620		
Accounts payable.....	264,980	
241,420		
Accrued liabilities.....	535,300	
501,800		

Total current liabilities.....	872,620	
759,840		
Long-term debt.....	1,959,440	
2,020,400		
Deferred income taxes and other.....	365,470	
300,170		

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED)-- (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31		
	1997	1996	1995
COMBINED STATEMENTS OF OPERATIONS			
Net sales.....	\$ 5,323,450	\$ 5,095,710	\$ 5,141,160
Cost of sales.....	(3,535,070)	(3,476,820)	(3,598,140)
Selling, general and administrative expenses.....	(990,850)	(933,250)	(938,480)
Gains (charge) on disposition of businesses, net.....	4,980	(31,520)	5,290
Operating profit.....	802,510	654,120	609,830
Other income (expense), net:			
Interest expense.....	(114,300)	(115,460)	(137,230)
Other, net.....	153,290	106,810	26,990
	38,990	(8,650)	(110,240)
Income from continuing operations before income taxes and other interests.....	841,500	645,470	499,590
Income taxes.....	(347,110)	(279,830)	(230,850)
Other interests in combined affiliates.....	(111,990)	(70,440)	(68,690)
Income from continuing operations.....	382,400	295,200	200,050
Discontinued operations (net of income taxes):			
Income from operations.....	--	--	8,270
Loss on disposition, net.....	--	--	(650,000)
Net income (loss).....	\$ 382,400	\$ 295,200	\$ (441,680)
Earnings per share from continuing operations:			
Basic.....	\$2.39	\$1.87	\$1.28
Diluted.....	\$2.30	\$1.82	\$1.25

Basic and diluted earnings per share for 1995 from discontinued operations were both \$.05. Basic and diluted loss per share for 1995 from the loss on disposition of discontinued operations were \$4.15 and \$4.05, respectively.

41

43

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED) -- (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31

	1997	1996	1995
COMBINED STATEMENTS OF CASH FLOWS			
Cash Flows From (For) Operating Activities:			
Income from continuing operations.....	\$ 382,400	\$ 295,200	\$ 200,050
Depreciation and amortization.....	185,190	167,080	158,640
Interest accrual on pay-in-kind notes receivable.....	(36,800)	(13,970)	--
Unremitted equity earnings of affiliates.....	(9,060)	(12,730)	
(5,860)			
Deferred income taxes.....	57,230	39,590	75,130
(Gains) charge on disposition of businesses, net.....	(4,980)	31,520	
(5,290)			
Gain from change in investment.....	(4,980)	--	
(5,100)			
Other interests in net income of combined affiliates, net.....	111,990	70,440	68,690
(Increase) decrease in receivables.....	(40,250)	1,230	
(83,240)			
(Increase) decrease in inventories.....	(41,870)	14,870	
(15,250)			
Increase in accounts payable and accrued liabilities, net.....	46,200	93,700	28,640
Discontinued operations, net.....	--	(19,240)	62,560
Other, net.....	(16,360)	(26,080)	
(2,500)			
Net cash from operating activities.....	628,710	641,610	476,470
Cash Flows From (For) Investing Activities:			
Capital expenditures.....	(250,740)	(207,600)	
(284,350)			
Acquisitions, net of cash acquired.....	(198,020)	(247,800)	
(23,850)			
Cash proceeds from sale of:			
Discontinued operations.....	--	707,630	--
Subsidiaries.....	76,560	223,720	122,190
Formica investment.....	--	--	74,470
Other, net.....	(66,920)	(34,200)	52,440
Discontinued operations, net.....	--	--	
(38,290)			
Net cash from (for) investing activities.....	(439,120)	441,750	
(97,390)			
Cash Flows From (For) Financing Activities:			
Increase in debt.....	121,380	570,520	577,290
Payment of debt.....	(155,230)	(1,063,720)	
(855,250)			
Repurchase of common stock.....	(14,970)	(14,040)	
(13,130)			
Cash dividends paid.....	(151,970)	(146,340)	
(137,380)			
Discontinued operations, net.....	--	--	12,480
Net cash for financing activities.....	(200,790)	(653,580)	
(415,990)			
Cash and Cash Investments:			
Increase (decrease) for the year.....	(11,200)	429,780	
(36,910)			
At January 1.....	599,020	169,240	206,150
At December 31.....	\$ 587,820	\$ 599,020	\$ 169,240

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONCLUDED)

INTERIM FINANCIAL INFORMATION (UNAUDITED)

	AUDITED YEAR	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS) QUARTERS ENDED			
		DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
1997:					
Net sales.....	\$3,760,000	\$990,000	\$1,003,000	\$913,000	\$854,000
Gross profit.....	\$1,381,750	\$363,450	\$ 369,000	\$334,800	\$314,500
Net income.....	\$ 382,400	\$105,500	\$ 101,800	\$ 91,600	\$ 83,500
Income per share:					
Basic.....	\$2.39	\$.65	\$.63	\$.58	\$.53
Diluted.....	\$2.30	\$.62	\$.61	\$.56	\$.51
1996:					
Net sales.....	\$3,237,000	\$843,000	\$ 843,000	\$787,000	\$764,000
Gross profit.....	\$1,188,930	\$293,830	\$ 321,000	\$290,430	\$283,670
Net income.....	\$ 295,200	\$ 83,400	\$ 81,800	\$ 68,000	\$ 62,000
Income per share:					
Basic.....	\$1.87	\$.53	\$.52	\$.43	\$.39
Diluted.....	\$1.82	\$.51	\$.51	\$.42	\$.38

Fourth quarter net income in 1997 benefited (approximately \$.02 per diluted share) from a reduction in the effective tax rate to 38.0% from 40.0% due primarily to the net utilization of the Company's capital loss carryforward benefit.

The fourth quarter of 1996 includes a \$67.8 million net pre-tax gain from the sale of certain MascoTech, Inc. investments (\$40.7 million after-tax or \$.25 per diluted share). This gain was principally offset by fourth quarter charges aggregating \$49.1 million pre-tax (\$37.5 million after-tax or \$.23 per diluted share) primarily for adjustments of miscellaneous assets to their estimated fair value.

43

45

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding executive officers required by this Item is set forth as a Supplementary Item at the end of Part I hereof (pursuant to Instruction 3 to Item 401(b) of Regulation S-K). Other information required by this Item will be contained in the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, to be filed on or before April 30, 1998, and such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, to be filed on or before April 30, 1998, and such information is incorporated herein by reference.

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

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, to be filed on or before April 30, 1998, and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, to be filed on or before April 30, 1998, and such information is incorporated herein by reference.

44

46

PART IV

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

(A) LISTING OF DOCUMENTS.

(1) Financial Statements. The Company's Consolidated Financial Statements included in Item 8 hereof, as required at December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, consist of the following:

Consolidated Balance Sheets Consolidated Statements of Operations Consolidated Statements of Cash Flows Notes to Consolidated Financial Statements

(2) Financial Statement Schedules.

- (i) Financial Statement Schedule of the Company appended hereto,
as required for the years ended December 31, 1997, 1996 and 1995, consists of the following:
II. Valuation and Qualifying Accounts
- (ii) (A) MascoTech, Inc. and Subsidiaries Consolidated Financial Statements appended hereto, at December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, consist of the following:
 - Consolidated Balance Sheet
 - Consolidated Statement of Income
 - Consolidated Statement of Cash Flows
 - Notes to Consolidated Financial Statements
- (B) MascoTech, Inc. and Subsidiaries Financial Statement Schedule appended hereto, for the years ended December 31, 1997, 1996 and 1995, consists of the following:
II. Valuation and Qualifying Accounts

(3) Exhibits.

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto. (filed herewith)
- 3.ii Bylaws of Masco Corporation, as amended.(5)
- 4.a.i Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due October 1, 2001(7), (ii) 6 5/8 Notes Due September 15, 1999 (filed herewith), (iii) 6 1/8 Notes Due September 15, 2003(6), and (iv) 7 1/8% Debentures Due August 15, 2013.(6)
- 4.a.ii Agreement of Appointment and Acceptance of Successor Trustee
dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First National Bank of Chicago.(4)
- 4.a.iii Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(4)
- 4.b \$750,000,000 Amended and Restated Credit Agreement dated as of November 14, 1996 among Masco Corporation, the banks party thereto and Morgan Guaranty Trust Company of New York,
as agent(7) and Amendment No. 1 dated April 30, 1997.
(filed herewith)
- 4.c Rights Agreement dated as of December 6, 1995, between Masco Corporation and The Bank of New York, as Rights Agent.(2)

45

47

- 4.d Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(5), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(3)
- 4.e \$1,300,000,000 Credit Agreement dated as of January 16, 1998 among MascoTech, Inc., MascoTech Acquisition, Inc., the banks party thereto from time to time, The First National Bank of Chicago, as Administrative Agent, Bank of America NT&SA and NationsBank, N.A., as Syndication Agents and Amendment No. 1 thereto dated as of February 10, 1998. (filed herewith)
- Note: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.
- 10.a Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(2)
- 10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) (filed herewith), Amendment No. 1 dated as of October 31, 1996(1), and related letter agreement dated January 22, 1998.(filed herewith)
- 10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(2) and Amendment No. 1 dated as of October 31, 1996(1).
- 10.d Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990 (7), and amendment to Stock Repurchase Agreement included in Agreement dated as of November 23, 1993.(5)
- NOTE: Exhibits 10.e through 10.r constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.
- 10.e Masco Corporation 1991 Long Term Stock Incentive Plan (Amended and Restated April 23, 1997). (filed herewith)
- 10.f Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)
- 10.g Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).(2)
- 10.h Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).(2)
- 10.i Masco Corporation Supplemental Executive Retirement and Disability Plan.(3)
- 10.j Masco Corporation Benefits Restoration Plan.(3)
- 10.k Masco Corporation 1997 Annual Incentive Compensation Plan. (filed herewith)

46

48

10.1 Masco Corporation 1997 Non-Employee Directors Stock Plan.(filed herewith)

10.m MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Amended and Restated April 23, 1997). (filed herewith)

10.n MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)

10.o MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).(2)

10.p MascoTech, Inc. 1997 Annual Incentive Compensation Plan.(filed herewith)

10.q MascoTech, Inc. 1997 Non-Employee Directors Stock Plan.(filed herewith)

10.r Description of the Masco Corporation Program for Estate, Financial Planning and Tax Assistance. (filed herewith)

10.s Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 ("Securities Purchase Agreement") between MascoTech, Inc. and Masco Corporation, including form of Note (5), Agreement dated as of November 23, 1993 relating thereto (5), and Amendment No. 1 to the Securities Purchase Agreement dated as of October 31, 1996.(1)

10.t Registration Agreement dated as of March 31, 1993, between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(5)

10.u Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation)(7) and Amendment thereto dated May 21, 1997. (filed herewith)

10.v 12% Senior Note Due 2008 by Furnishings International Inc. to Masco Corporation and Registration Rights Agreement dated as of August 5, 1996 between Furnishings International Inc. and Masco Corporation.(7)

10.w Stock Purchase Agreement dated as of October 15, 1996 between Masco Corporation and MascoTech, Inc.(1)

12 Computation of Ratio of Earnings to Fixed Charges. (filed herewith)

21 List of Subsidiaries. (filed herewith)

23.a Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation's Financial Statements and Financial Statement Schedule. (filed herewith)

23.b Consent of Coopers & Lybrand L.L.P. relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedule. (filed herewith)

27.a Financial Data Schedule as of and for the year ended December 31, 1997. (filed herewith)

27.b Financial Data Schedule as of and for the year-to-date periods ended September 30, 1997, June 30, 1997 and March 31, 1997. (filed herewith)

27.c Financial Data Schedule as of and for the year-to-date periods ended December 31, 1996, September 30, 1996, June 30, 1996 and March 31, 1996. (filed herewith)

27.d Financial Data Schedule as of and for the year ended December 31, 1995. (filed herewith)

(1) Incorporated by reference to the Exhibits filed with Masco Corporation's Current Report on Form 8-K dated November 13, 1996.

(2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1995.

47

49

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

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

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

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

(7) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

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

(B) REPORTS ON FORM 8-K.

(1) A Current Report on Form 8-K dated October 9, 1997 was filed by Masco Corporation during the quarter ended December 31, 1997 reporting under Item 5, "Other Events" the Company's acquisition of approximately 42% of the outstanding shares of Emco Limited.

(2) A Current Report on Form 8-K dated February 23, 1998 was filed by Masco Corporation during the quarter ended March 31, 1998 reporting under Item 5. "Other Events" the Company's redemption on February 12, 1998 of all of its outstanding 5 1/4% Convertible Subordinated Debentures Due 2012 and the announcement of its 1997 earnings.

48

50

SIGNATURES

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

MASCO CORPORATION

By /s/ RICHARD G. MOSTELLER

RICHARD G. MOSTELLER
Senior Vice President -- Finance

March 27, 1998

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

PRINCIPAL EXECUTIVE OFFICER:

/s/ RICHARD A. MANOOGIAN

Chairman of the Board
and Chief Executive Officer

RICHARD A. MANOOGIAN

PRINCIPAL FINANCIAL OFFICER:

/s/ RICHARD G. MOSTELLER

Senior Vice President --

Finance

RICHARD G. MOSTELLER

PRINCIPAL ACCOUNTING OFFICER:

/s/ ROBERT B. ROSOWSKI

Vice President -- Controller

and

ROBERT B. ROSOWSKI

Treasurer

/s/ JOSEPH L. HUDSON, JR.

Director

JOSEPH L. HUDSON, JR.

/s/ VERNE G. ISTOCK

Director

VERNE G. ISTOCK

/s/ MARY ANN KREY

Director

MARY ANN KREY

/s/ WAYNE B. LYON

Director

WAYNE B. LYON

/s/ JOHN A. MORGAN

Director

JOHN A. MORGAN

/s/ ARMAN SIMONE

Director

ARMAN SIMONE

/s/ PETER W. STROH

Director

PETER W. STROH

March 27, 1998

49

51

MASCO CORPORATION

FINANCIAL STATEMENT SCHEDULES

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

ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

Schedules, as required, for the years ended December 31, 1997, 1996 and 1995:

PAGE

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

MASCO CORPORATION

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
-----	-----	-----		-----	-----
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS		
-----	-----	-----	(A)	(B)	-----
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1997.....	\$17,950,000	\$2,650,000	\$2,500,000	\$(3,340,000)	\$19,760,000
	=====	=====	=====	=====	=====
1996.....	\$16,260,000	\$5,060,000	\$ 640,000	\$(4,010,000)	\$17,950,000
	=====	=====	=====	=====	=====
1995.....	\$12,050,000	\$6,450,000	\$ 80,000	\$(2,320,000)	\$16,260,000
	=====	=====	=====	=====	=====

NOTES:

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheet of MascoTech, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1997 and the financial statement schedule as listed in Item 14(a)(2)(ii)(A) and (B) of this Form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MascoTech, Inc. and subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

As discussed in the footnotes to the consolidated financial statements, effective January 1, 1996, the Company changed its method of accounting for the impairment of long-lived assets and for long-lived assets to be disposed of.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
February 17, 1998

F-3

54

MASCOTECH, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1997 AND 1996

ASSETS

	1997	1996
	-----	-----
Current assets:		
Cash and cash investments.....	\$ 41,110,000	\$ 19,400,000
Marketable securities.....	45,970,000	37,760,000
Receivables.....	125,930,000	127,530,000
Inventories.....	73,860,000	69,640,000
Deferred and refundable income taxes.....	36,270,000	39,180,000
Prepaid expenses and other assets.....	13,310,000	14,480,000
Net current assets of businesses held for disposition.....	--	85,980,000
	-----	-----
Total current assets.....	336,450,000	393,970,000
Equity and other investments in affiliates.....	263,300,000	282,470,000
Property and equipment, net.....	417,030,000	388,460,000
Excess of cost over net assets of acquired companies.....	65,610,000	69,140,000
Notes receivable and other assets.....	62,290,000	45,950,000
Net non-current assets of businesses held for disposition...	--	22,850,000
	-----	-----
Total assets.....	\$1,144,680,000	\$1,202,840,000
	=====	=====
	LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:		
Accounts payable.....	\$ 67,240,000	\$ 58,170,000
Accrued liabilities.....	114,650,000	96,910,000
Current portion of long-term debt.....	2,880,000	3,370,000
	-----	-----
Total current liabilities.....	184,770,000	158,450,000
Long-term debt held by Masco Corporation.....	--	151,380,000
Convertible subordinated debentures.....	310,000,000	310,000,000
Other long-term debt.....	282,000,000	291,020,000
Deferred income taxes and other long-term liabilities.....	157,250,000	153,170,000
	-----	-----
Total liabilities.....	934,020,000	1,064,020,000
	-----	-----
Shareholders' equity:		
Preferred stock, \$1 par:		
Authorized: 25 million; Outstanding: 10.8 million in		
1996.....	--	10,800,000
Common stock, \$1 par:		
Authorized: 250 million; Outstanding: 47.3 million and		
37.3 million.....	47,250,000	37,250,000
Paid-in capital.....	34,340,000	41,080,000
Retained earnings.....	157,790,000	61,060,000
Other.....	4,160,000	14,770,000
Less: Restricted stock awards.....	(32,880,000)	(26,140,000)
	-----	-----
Total shareholders' equity.....	210,660,000	138,820,000
	-----	-----
Total liabilities and shareholders' equity.....	\$1,144,680,000	\$1,202,840,000
	=====	=====

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

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

	1997	1996	1995
Net sales.....	\$ 922,130,000	\$ 1,281,220,000	\$ 1,678,210,000
Cost of sales.....	(735,470,000)	(1,048,110,000)	(1,397,880,000)
Gross profit.....	186,660,000	233,110,000	280,330,000
Selling, general and administrative expenses.....	(89,930,000)	(132,260,000)	(176,810,000)
Gains (charge) on disposition of businesses, net.....	4,980,000	(31,520,000)	5,290,000
Operating profit.....	101,710,000	69,330,000	108,810,000
Other income (expense), net:			
Interest expense, Masco Corporation.....	(7,500,000)	--	--
Other interest expense.....	(29,030,000)	(29,970,000)	(49,900,000)
Equity and other income from affiliates....	43,360,000	40,460,000	31,420,000
Gain from disposition of an equity affiliate.....	46,160,000	--	--
Gains from changes in investments in equity affiliates.....	18,190,000	--	5,100,000
Other, net.....	17,400,000	(2,600,000)	4,850,000
	88,580,000	7,890,000	(8,530,000)
Income before income taxes and cumulative effect of accounting change, net.....	190,290,000	77,220,000	100,280,000
Income taxes.....	75,050,000	37,300,000	41,090,000
Income before cumulative effect of accounting change, net.....	115,240,000	39,920,000	59,190,000
Cumulative effect of accounting change (net of income taxes).....	--	11,700,000	--
Net income.....	\$ 115,240,000	\$ 51,620,000	\$ 59,190,000
Preferred stock dividends.....	\$ 6,240,000	\$ 12,960,000	\$ 12,960,000
Earnings attributable to common stock...	\$ 109,000,000	\$ 38,660,000	\$ 46,230,000

	BASIC	DILUTED	BASIC	DILUTED	BASIC	DILUTED
Earnings per share:						
Income before cumulative effect of accounting change, net.....	\$2.70	\$2.12	\$.54	\$.50	\$.85	\$.81
Cumulative effect of accounting change, net.....	--	--	.23	.22	--	--
Earnings attributable to common stock.....	\$2.70	\$2.12	\$.77	\$.72	\$.85	\$.81

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

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

	1997	1996	1995
	-----	-----	-----
CASH FROM (USED FOR):			
OPERATING ACTIVITIES:			
Net income.....	\$115,240,000	\$ 51,620,000	\$ 59,190,000
Adjustments to reconcile net income to net cash provided by operating activities, excluding reclassification of businesses held for disposition:			
(Gains) charge on disposition of businesses, net.....	(4,980,000)	31,520,000	(5,290,000)
Gains from changes in investments in equity affiliates.....	(18,190,000)	--	(5,100,000)
Gain from disposition of an equity affiliate.....	(46,160,000)	--	--
Depreciation and amortization.....	43,460,000	44,470,000	47,070,000
Equity earnings, net of dividends.....	(27,180,000)	(31,650,000)	(23,360,000)
Deferred income taxes.....	17,520,000	8,640,000	51,330,000
(Increase) decrease in marketable securities, net.....	(8,210,000)	(24,890,000)	57,990,000
Decrease (increase) in receivables.....	2,670,000	10,200,000	(21,910,000)
Decrease in inventories.....	1,950,000	19,190,000	4,650,000
(Increase) decrease in prepaid expenses and other current assets.....	(1,280,000)	38,650,000	(1,900,000)
Increase (decrease) in accounts payable and accrued liabilities.....	11,140,000	9,320,000	(9,070,000)
Other, net.....	(7,480,000)	(8,820,000)	2,390,000
Net assets of businesses held for disposition, net, including cumulative effect of accounting change.....	--	(19,240,000)	2,190,000
	-----	-----	-----
Net cash from operating activities...	78,500,000	129,010,000	158,180,000
	-----	-----	-----
FINANCING ACTIVITIES:			
Increase in debt.....	7,080,000	5,220,000	79,460,000
Payment of debt.....	(16,590,000)	(114,900,000)	(253,770,000)
Payment of note due to Masco Corporation...	(45,580,000)	--	--
Retirement of preferred stock.....	(8,360,000)	--	--
Retirement of Company Common Stock.....	(6,610,000)	(14,040,000)	(13,130,000)
Repurchase of Company Common Stock and warrants from Masco Corporation for cash.....	--	(116,000,000)	--
Payment of dividends.....	(15,900,000)	(22,940,000)	(21,000,000)
Other, net.....	(9,070,000)	(8,610,000)	(2,250,000)
	-----	-----	-----
Net cash used for financing activities.....	(95,030,000)	(271,270,000)	(210,690,000)
	-----	-----	-----
INVESTING ACTIVITIES:			
Cash received from sale of businesses.....	76,560,000	223,720,000	122,190,000
Acquisition of businesses.....	(11,100,000)	(47,200,000)	(23,850,000)
Capital expenditures.....	(54,780,000)	(42,390,000)	(95,800,000)
Receipt of cash from notes receivable.....	17,330,000	9,300,000	6,570,000
Other, net.....	10,230,000	1,850,000	(2,170,000)
	-----	-----	-----
Net cash from investing activities...	38,240,000	145,280,000	6,940,000
	-----	-----	-----
CASH AND CASH INVESTMENTS:			
Increase (decrease) for the year.....	21,710,000	3,020,000	(45,570,000)
At January 1.....	19,400,000	16,380,000	61,950,000
	-----	-----	-----
At December 31.....	\$ 41,110,000	\$ 19,400,000	\$ 16,380,000
	=====	=====	=====

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

F-6
57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES:

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

The consolidated balance sheet at December 31, 1996 reflects the segregation of net current and net non-current assets related to the disposition of the Company's Technical Services Group ("TSG").

The Company has a corporate services agreement with Masco Corporation, which at December 31, 1997 owned approximately 17 percent of the Company's Common Stock. Under the terms of the agreement, the Company pays fees to Masco Corporation for various corporate staff support and administrative services, research and development and facilities. Such fees, which are determined principally as a percentage of net sales, aggregated approximately \$5.5 million in 1997, \$7.1 million in 1996, and \$9.1 million in 1995.

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

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

Marketable Securities. The Company's marketable equity securities holdings are categorized as trading and, as a result, are stated at fair value. Changes in the fair value of trading securities are recognized in earnings. Derivative financial instruments, consisting principally of S&P futures contracts, are held for purposes other than trading and are carried at market value. Changes in market value of outstanding futures contracts are recognized in earnings.

Receivables. Receivables are presented net of allowances for doubtful accounts of approximately \$1.2 million and \$2.0 million at December 31, 1997 and 1996, respectively.

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

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

Depreciation and Amortization. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 1/2 to 10 percent, and machinery and equipment, 6 2/3 to 33 1/3 percent. Deferred financing costs are amortized over the lives of the related debt securities. The excess of cost over net assets of acquired companies is amortized using the straight-line method over the period estimated to be benefitted, not exceeding 40 years. At each balance sheet date, management assesses whether there has been a permanent impairment of the excess of cost over net assets of acquired companies by

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

comparing anticipated undiscounted future cash flows from operating activities with the carrying amount of the excess of cost over net assets of acquired companies. The factors considered by management in performing this assessment include current operating results, business prospects, market trends, potential product obsolescence, competitive activities and other economic factors. Based on this assessment, there was no permanent impairment related to the excess of cost over net assets of acquired companies at December 31, 1997.

At December 31, 1997 and 1996, accumulated amortization of the excess of cost over net assets of acquired companies and patents was \$33.2 million and \$29.4 million, respectively. Amortization expense was \$9.3 million, \$8.5 million and \$13.7 million in 1997, 1996 and 1995, respectively.

Income Taxes. The Company records income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 ("SFAS No. 109"), "Accounting for Income Taxes." SFAS No. 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, SFAS No. 109 generally allows consideration of all expected future events other than enactments of changes in the tax law or tax rates. A provision has not been made for U.S. or additional foreign withholding taxes on approximately \$49 million of undistributed earnings of foreign subsidiaries as those earnings are intended to be permanently reinvested. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

New Accounting Pronouncements and Reclassifications. At December 31, 1997, the Company adopted SFAS No. 128, "Earnings Per Share," which replaces the presentation of primary and fully diluted earnings per share, as computed under Accounting Principles Board Opinion No. 15, with a presentation of basic and diluted earnings per share. The financial statements have been retroactively restated to conform with the earnings per share presentation required under SFAS No. 128.

In addition, the Company has reclassified the unamortized cost of unvested restricted stock awards from other assets to a separate component of shareholders' equity (see "Stock Options and Awards" note). Prior periods have been reclassified to conform to this and other presentations adopted in calendar year 1997.

At January 1, 1996, the Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which resulted in a pre-tax gain (because the fair value of the businesses being held for sale at January 1, 1996 exceeded the carrying value for such businesses) of \$16.7 million (\$11.7 million after-tax), recorded as the cumulative effect of an accounting change. The pro forma effect of the retroactive application of the change on the financial statements for 1995 has not been presented because the new method did not have a material effect on the reported earnings.

In 1998, the Company will adopt the disclosure requirements of SFAS No. 130, "Reporting of Comprehensive Income," SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," and SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits." The adoption of these disclosures will not impact earnings per common share in 1998.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

EARNINGS PER SHARE:

The following are reconciliations of the numerators and denominators used in the computations of basic and diluted earnings per share:

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)		
	1997	1996	1995
Weighted average number of shares outstanding.....	40,300	50,190	54,090
Income before cumulative effect of accounting change, net...	\$115,240	\$ 39,920	\$ 59,190
Less preferred stock dividends.....	(6,240)	(12,960)	(12,960)
 Earnings used for basic earnings per share computation.....	 \$109,000	 \$ 26,960	 \$ 46,230
Basic earnings per share before cumulative effect of accounting change, net.....	 \$2.70	 \$.54	 \$.85
Total shares used for basic earnings per share computation.....	40,300	50,190	54,090
Dilutive securities:			
Stock options and warrants.....	1,250	1,430	860
Assumed conversion of preferred stock at January 1, 1997.....	5,210	--	--
Convertible debentures.....	10,000	--	--
Contingently issuable shares.....	2,160	2,170	2,100
 Total shares used for diluted earnings per share computation.....	 58,920	 53,790	 57,050
Earnings used for basic earnings per share computation.....	\$109,000	\$ 26,960	\$ 46,230
Add back of preferred stock dividends.....	6,240	--	--
Add back of debenture interest.....	9,530	--	--
 Earnings used for diluted earnings per share computation.....	 \$124,770	 \$ 26,960	 \$ 46,230
Diluted earnings per share before cumulative effect of accounting change, net.....	 \$2.12	 \$.50	 \$.81

Diluted earnings per share reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company's preferred stock and convertible debentures did not have a dilutive effect on earnings per share in 1996 and 1995.

SUPPLEMENTARY CASH FLOWS INFORMATION:

Significant transactions not affecting cash were: in 1997: the conversion of the Company's outstanding shares of Dividend Enhanced Convertible Preferred Stock on June 27, 1997 for approximately 10 million shares of Company Common Stock (see "Shareholders' Equity" note); the exchange of approximately 9.9 million shares of the outstanding common stock of Emco Limited ("Emco") with a value of approximately \$106 million, in addition to the cash payment of approximately \$46 million, in payment of a promissory note due to Masco Corporation; in 1996: in addition to cash received, approximately \$25 million comprised of both common stock and warrants (with a portion of the common stock subsequently sold for approximately \$14 million of cash), as consideration from the sale of MascoTech Stamping Technologies, Inc.; in addition to the cash payment by the Company of \$121 million, notes approximating \$159 million were issued for the purchase of 18 million shares of the Company's Common Stock and warrants to purchase 10 million shares of the Company's Common Stock (see "Shareholders' Equity" note); in 1995: in addition to cash received, approximately

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

\$34 million comprised of both notes receivable due from, and a 29 percent equity interest in, the acquiring company, as consideration for a non-core business unit.

Income taxes paid (refunded) were \$44 million, \$(12) million and \$11 million in 1997, 1996 and 1995, respectively. Interest paid was \$39 million, \$30 million and \$55 million in 1997, 1996 and 1995, respectively.

DISPOSITIONS OF OPERATIONS:

In late 1994, the Company adopted a plan to dispose, by sale or liquidation, a number of businesses, including its architectural products, defense and certain of its transportation-related products and services businesses, as part of its long-term strategic plan to increase the focus on its core operating capabilities. The Company has completed the disposition of such businesses.

During 1995, the Company divested a number of such businesses, in separate transactions, for aggregate proceeds of approximately \$180 million, which resulted in net gains of approximately \$25 million. These net gains were substantially offset by reductions in the estimated net proceeds the Company expected to receive from certain remaining businesses to be sold, aggregating approximately \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million.

In May 1996, the Company sold MascoTech Stamping Technologies, Inc. ("MSTI"), a wholly owned subsidiary, to Tower Automotive, Inc. ("Tower") resulting in an after-tax loss of approximately \$26 million (\$.49 per common share), including after-tax losses of approximately \$1 million related to the closure of a MSTI manufacturing facility not included in the sale. The Company received initial consideration of approximately \$80 million, consisting principally of \$55 million in cash, 785,000 shares of Tower common stock and warrants to purchase additional Tower common stock (200,000 shares at \$18 per share expiring May 31, 1999). The Company applied the cash proceeds (including approximately \$14 million received from the subsequent sale of 600,000 shares of Tower common stock) to reduce its indebtedness. The Company may receive additional consideration (up to \$30 million), of which approximately \$5 million was earned in 1997, contingent upon the future earnings of MSTI through May 31, 1999.

On January 3, 1997, the Company sold its Technical Services Group (comprised of the Company's engineering and technical business services units) to MSX International, Inc. Also included in this transaction were the net assets of APX International which were acquired by the Company in November 1996 for approximately \$44 million. The sale resulted in total proceeds to the Company of approximately \$145 million, subject to certain adjustments, consisting of cash, \$30 million of subordinated debentures, \$18 million of preferred stock and an approximate 45 percent common equity interest in MSX International, Inc. valued at \$2 million. In January 1998, the Company received \$48 million of cash from MSX International, Inc. in payment of the subordinated debentures and other amounts due MascoTech resulting in a realized gain in the first quarter 1998 (gain recognition was deferred at the time of the transaction pending cash receipt) of approximately \$7 million. The remaining deferred gain of approximately \$20 million will be recognized upon the liquidation of the common and preferred stock holdings for cash. The net assets of the Technical Services Group and APX International are reflected on the consolidated balance sheet as net assets of businesses held for disposition at December 31, 1996. The Company did not reflect any revenues or expenses in the consolidated statement of income related to APX International from the date of acquisition through January 3, 1997 as control was deemed to be temporary.

The disposition of businesses did not meet the criteria for discontinued operations treatment for accounting purposes; accordingly, the sales and results of operations of these businesses were included in continuing operations until disposition. Businesses held for sale or sold, including MSTI and TSG,

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

had sales of \$0, \$412 million and \$874 million in 1997, 1996 and 1995, respectively, and operating income (losses) before gains (charge) on disposition of businesses, net of \$0, \$(13) million and \$5 million in 1997, 1996 and 1995, respectively.

Amounts included in the consolidated balance sheet for net assets of businesses held for disposition consist of the following at December 31, 1996:

	(IN THOUSANDS)
	1996

Receivables.....	\$ 59,110
Other current assets.....	46,050
Current liabilities.....	
(19,180)	

Net current assets.....	85,980

Property and equipment, net.....	22,090
Other non-current assets and liabilities, net.....	760

Net non-current assets.....	22,850

Net assets of businesses held for disposition.....	\$108,830
	=====

INVENTORIES:

	(IN	
THOUSANDS)	AT DECEMBER 31	
	1997	1996
	-----	-----

Finished goods.....	\$22,160	
\$21,020		
Work in process.....	22,990	
20,360		
Raw material.....	28,710	
28,260		

	\$73,860	
\$69,640		
	=====	

EQUITY AND OTHER INVESTMENTS IN AFFILIATES:

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

-----	1997	1996	
1995	----	----	

TriMas Corporation.....	37%	41%	41%
Emco Limited.....	--	43%	43%
Titan International, Inc.	15%	12%	15%
Delco Remy International, Inc. (voting).....	18%	26%	25%

TriMas Corporation ("TriMas") is a diversified manufacturer of commercial, industrial and consumer products (see "Subsequent Event" note). Emco Limited ("Emco") is a Canadian-based manufacturer and distributor of building and other industrial products. Titan International, Inc. ("Titan") is a manufacturer of wheels, tires and other products for agricultural, construction and off-highway equipment markets. Delco Remy International, Inc. ("DRI") is a manufacturer of automotive electronic motors and other components.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The carrying amount of investments in affiliates at December 31, 1997 and 1996 and quoted market values at December 31, 1997 for publicly traded affiliates (which may differ from the amounts that could have been realized upon disposition) are as follows:

THOUSANDS)	(IN		
	1997 QUOTED MARKET VALUE	1997 CARRYING AMOUNT	1996 CARRYING AMOUNT
	-----	-----	-----
Common stock:			
TriMas Corporation.....	\$522,190	\$137,740	\$101,880
Emco Limited.....	--	--	49,400
Titan International, Inc.	66,110	44,080	42,280
Delco Remy International, Inc.	37,820	9,320	10,440
	-----	-----	-----
Common stock holdings.....	626,120	191,140	204,000
Subordinated debt of Emco Limited.....			35,130

Investments in publicly traded affiliates.....	\$626,120	191,140	239,130
	=====		
Other non-public affiliates.....		72,160	43,340
		-----	-----
Total.....		\$263,300	\$282,470
		=====	=====

In June 1995, Titan sold newly issued common stock in a public offering and issued common stock as a result of the conversion of convertible securities. The Company recognized pre-tax income of approximately \$5.1 million as a result of the change in the Company's common equity ownership interest in Titan. In December 1996, Titan called for redemption its 4 3/4% Convertible Subordinated Notes which resulted in the issuance of approximately 4.5 million common shares, reducing the Company's common equity ownership interest in Titan to approximately 12 percent. As a result, the investment in Titan at December 31, 1996 was accounted for as available-for-sale. In March 1997, Titan repurchased approximately 5.6 million shares of its common stock, increasing the Company's common equity ownership interest in Titan to approximately 15 percent. As a result, the investment in Titan has been accounted for under the equity method of accounting.

In March 1997, TriMas called for redemption its 5% Convertible Subordinated Debentures which resulted in the issuance of approximately 4.7 million common shares, reducing the Company's common equity ownership in TriMas to approximately 37 percent. The Company recognized pre-tax income of approximately \$13 million as a result of the change in the Company's common equity ownership interest in TriMas.

In September 1997, the Company exercised its option and exchanged its equity holdings in Emco, with a value approximating \$106 million, and approximately \$46 million in cash to satisfy the indebtedness to Masco Corporation incurred in 1996 in connection with the Company's purchase and retirement of certain of its securities held by Masco Corporation. This transaction resulted in a pre-tax gain of approximately \$46 million. In addition, the Company has an investment in Emco subordinated notes which are classified as available-for-sale and, as a result, are recorded at fair value. As a result of the sale of Emco equity, the Emco subordinated notes were reclassified to other assets in 1997. The Company has recorded unrealized gains of approximately \$1 million and \$2 million in 1997 and 1996, respectively, which have been recorded as an adjustment to shareholders' equity.

In December 1997, DRI completed an initial public offering reducing the Company's common equity ownership interest in DRI to approximately 12 percent on a diluted basis (the Company owns approximately 18 percent of the voting common stock). As a result of the change in the Company's

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

common equity ownership interest in DRI, the Company recognized pre-tax income of approximately \$5 million.

In addition to its equity and other investments in publicly traded affiliates, the Company has equity and other investment interests in privately held automotive related companies, including the Company's common equity ownership in Saturn Electronics & Engineering, Inc., a manufacturer of electromechanical and electronic automotive components, and MSX International, Inc., a transportation-focused engineering and technical services company.

Equity in undistributed earnings of affiliates of \$68 million at December 31, 1997, \$57 million at December 31, 1996 and \$38 million at December 31, 1995 are included in consolidated retained earnings.

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

	(IN THOUSANDS)	
	AT DECEMBER 31	
	1997	1996
Current assets.....	\$1,117,940	\$ 839,250
Current liabilities..... (342,980)	(520,900)	
Working capital.....	597,040	496,270
Property and equipment, net.....	612,060	453,350
Excess of cost over net assets of acquired companies...	371,190	257,160
Other assets.....	145,000	78,990
Long-term debt..... (655,370)	(702,390)	
Deferred income taxes and other long-term liabilities..... (73,680)	(82,610)	
Shareholders' equity.....	\$ 940,290	\$ 556,720

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31		
	1997	1996	1995
Net sales..... \$2,729,260	\$3,484,540	\$2,959,980	
Operating profit..... 235,510	\$ 264,590	\$ 269,440	\$
Earnings attributable to common stock..... 92,700	\$ 108,230	\$ 128,820	\$

Equity and other income from affiliates consists of the following:

THOUSANDS)	(IN		
	FOR THE YEARS ENDED DECEMBER 31		
-----	1997	1996	1995
	-----	-----	

The Company's equity in affiliates' earnings available for common shareholders.....	\$31,330	\$35,190	
\$26,230			
Interest and dividend income.....	12,030	5,270	
5,190			
-----	-----	-----	
Equity and other income from affiliates.....	\$43,360	\$40,460	
\$31,420			
=====	=====	=====	
=====			

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

PROPERTY AND EQUIPMENT, NET:

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1997	1996
-----	-----	
Cost:		
Land and land improvements.....	\$ 19,820	\$
17,530		
Buildings.....	116,270	
109,730		
Machinery and equipment.....	545,590	
513,010		

	681,680	
640,270		
Less accumulated depreciation.....	264,650	
251,810		

	\$417,030	
\$388,460		
	=====	
=====		

Depreciation expense totalled \$34 million, \$37 million and \$38 million in 1997, 1996 and 1995, respectively.

ACCRUED LIABILITIES:

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1997	1996

Salaries, wages and commissions.....	\$ 17,690	
\$15,930		
Income taxes.....	7,760	
2,810		
Interest.....	1,740	
4,050		
Insurance.....	24,740	
33,940		
Property, payroll and other taxes.....	3,340	
5,500		
Other.....	59,380	
34,680		

	\$114,650	
	=====	

\$96,910		
=====		

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

LONG-TERM DEBT:

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1997	1996
-----	-----	

6 5/8% Note held by Masco Corporation.....	\$ --	
\$151,380		
4 1/2% Convertible Subordinated Debentures, due 2003 and convertible into Company Common Stock at \$31 per share.....	310,000	
310,000		
Bank revolving credit agreement.....	245,000	
250,000		
Other.....	39,880	
44,390		
-----	-----	
	594,880	
755,770		
Less current portion of long-term debt.....	2,880	
3,370		
-----	-----	
Long-term debt.....	\$592,000	
\$752,400		
-----	=====	
=====		

The interest rates applicable to the Company's revolving credit agreement at December 31, 1997 are principally at alternative floating rates provided for in the agreement (approximately six percent at December 31, 1997).

In connection with the TriMas acquisition in early 1998 (see "Subsequent Event" note), the Company entered into a new \$1.3 billion credit facility. This facility includes a \$500 million term loan with principal payments as follows: 1998 - \$25 million; 1999 - \$40 million; 2000 - \$60 million; 2001 - \$75 million; and 2002 - \$190 million. The remainder of the term loan and the \$800 million revolver terminate in 2003. The Company has the ability and intent to refinance amounts due in 1998 on a long-term basis.

The interest rates applicable to the new credit facility are principally at alternative floating rates which would have approximated 6.5 percent at December 31, 1997. The new credit facility requires the maintenance of a specified level of shareholders' equity plus subordinated debt, with limitations on the ratios of total debt to cash flow (as defined) and cash flow less capital expenditures (as defined) to interest plus scheduled debt payments. In addition, there are limitations on dividends, share repurchases and subordinated debt repurchases. Under the most restrictive of these provisions, approximately \$40 million would have been available at December 31, 1997 for the payment of cash dividends and the acquisition of Company capital stock. The facility is collateralized by a pledge of the stock of TriMas.

The note held by Masco Corporation was part of the consideration paid by the Company in 1996 for the purchase of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock from Masco Corporation. In September 1997, the Company exercised its option and exchanged its equity holdings in Emco Limited, with a value approximating \$106 million, and approximately \$46 million in cash to Masco Corporation to satisfy this indebtedness.

The maturities of debt as at December 31, 1997 during the next five years are as follows (not taking into account the new credit facility) (in millions):

1998 - \$3; 1999 - \$4; 2000 - \$2; 2001 - \$.7; and 2002 - \$.5.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SHAREHOLDERS' EQUITY:

	(IN THOUSANDS)						
	PREFERRED STOCK	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	OTHER	RESTRICTED STOCK AWARDS	SHAREHOLDERS' EQUITY
Balance, January 1, 1995....	\$ 10,800	\$ 56,610	\$ 318,960	\$ (7,590)	\$ 2,360	\$(19,050)	\$ 362,090
Net income.....	--	--	--	59,190	--	--	59,190
Preferred stock dividends.....	--	--	--	(12,960)	--	--	(12,960)
Common stock dividends....	--	--	--	(6,260)	--	--	(6,260)
Retirement of common stock.....	--	(1,210)	(11,920)	--	--	--	(13,130)
Translation adjustments, net.....	--	--	--	--	6,210	--	6,210
Exercise of stock options.....	--	120	870	--	--	--	990
Stock award purchases, net of amortization.....	--	--	--	--	--	2,000	2,000
Balance, December 31, 1995.....	10,800	55,520	307,910	32,380	8,570	(17,050)	398,130
Net income.....	--	--	--	51,620	--	--	51,620
Preferred stock dividends.....	--	--	--	(12,960)	--	--	(12,960)
Common stock dividends....	--	--	--	(9,980)	--	--	(9,980)
Retirement of common stock and warrants.....	--	(18,720)	(270,320)	--	--	--	(289,040)
Translation adjustments and other.....	--	--	--	--	6,200	--	6,200
Exercise of stock options.....	--	450	3,490	--	--	--	3,940
Stock award purchases, net of amortization.....	--	--	--	--	--	(9,090)	(9,090)
Balance, December 31, 1996.....	10,800	37,250	41,080	61,060	14,770	(26,140)	138,820
Net income.....	--	--	--	115,240	--	--	115,240
Preferred stock dividends.....	--	150	2,850	(6,240)	--	--	(3,240)
Common stock dividends....	--	--	--	(12,270)	--	--	(12,270)
Retirement of common stock.....	--	(330)	(6,280)	--	--	--	(6,610)
Retirement of preferred stock.....	(450)	--	(7,910)	--	--	--	(8,360)
Conversion of outstanding preferred stock.....	(10,350)	9,750	600	--	--	--	--
Translation adjustments and other.....	--	--	--	--	(10,610)	--	(10,610)
Exercise of stock options.....	--	430	4,000	--	--	--	4,430
Stock award purchases, net of amortization.....	--	--	--	--	--	(6,740)	(6,740)
Balance, December 31, 1997.....	--	\$ 47,250	\$ 34,340	\$157,790	\$ 4,160	\$(32,880)	\$ 210,660

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

On June 27, 1997, the Company completed the conversion of all remaining issued and outstanding shares of its Dividend Enhanced Convertible Preferred Stock (DECS). Holders of DECS received in exchange for each share of DECS .955 of a share of the Company's Common Stock, par value \$1.00 per share, resulting in the issuance of approximately 10 million shares of Company Common Stock.

On October 31, 1996, the Company purchased from Masco Corporation 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock, for cash and notes approximating \$266 million. As part of this 1996 transaction, Richard A. Manoogian, Chairman of both Masco Corporation and MascoTech, also sold to MascoTech one million shares of MascoTech common stock (at the then current market price) for approximately \$13.6 million. In addition, as part of this transaction, Masco Corporation's agreement to purchase from the Company, at the Company's option, up to \$200 million of subordinated debentures was extended through 2002, and the corporate services agreement with Masco Corporation was extended until September 30, 1998. Masco Corporation also agreed that MascoTech will have the right of first refusal to purchase the approximate 7.8 million shares of MascoTech common stock that Masco Corporation continues to hold, should Masco Corporation decide to dispose of such shares.

In addition, the Company repurchased and retired approximately .3 million shares of its common stock and approximately .5 million shares of its preferred stock in 1997, and approximately one million shares of its common stock in each of 1996 and 1995 in open-market purchases, pursuant to a Board of Directors' authorized repurchase program. At December 31, 1997, the Company may repurchase approximately three million additional shares of Company Common Stock pursuant to this repurchase authorization.

On the basis of amounts paid (declared), cash dividends per common share were \$.22 (\$.28) in 1997, \$.18 (\$.18) in 1996 and \$.14 (\$.11) in 1995.

STOCK OPTIONS AND AWARDS:

The Company's Long Term Stock Incentive Plan (the "Plan") provides for the issuance of stock-based incentives in various forms. At December 31, 1997, outstanding stock-based incentives are in the form of restricted long-term stock awards and stock options.

Pursuant to the Plan, the Company granted long-term stock awards, net, for 565,000, 480,000 and 461,000 shares of Company Common Stock during 1997, 1996 and 1995, respectively, to key employees of the Company and affiliated companies. The weighted average fair value per share of long-term stock awards granted during 1997, 1996 and 1995 on the date of grant was \$19, \$14 and \$12, respectively. Compensation expense for the vesting of long-term stock awards was approximately \$4.7 million, \$2.3 million and \$4.8 million in 1997, 1996 and 1995, respectively. The unamortized costs of unvested stock awards, aggregating approximately \$33 million at December 31, 1997, are being amortized over the ten-year vesting periods and are a deduction from shareholders' equity.

Fixed stock options are granted to key employees of the Company and affiliated companies and have a maximum term of 10 years. The exercise price of each fixed option equals the market price of Company Common Stock on the date of grant. These options either vest no later than 10 years after grant or in installments beginning in the third year and extending through the eighth year after grant.

F-17

68

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A summary of the status of the Company's stock options granted under the Plan or prior plans for the three years ended December 31, 1997 is presented below.

	(SHARES IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Option shares outstanding, January 1.....	4,290	3,440	3,620
Weighted average exercise price.....	\$10	\$ 8	\$ 7
Option shares granted.....	80	1,370	--
Weighted average exercise price.....	\$20	\$15	--
Option shares exercised.....	(500)	(450)	(120)
Weighted average exercise price.....	\$ 8	\$ 7	\$ 7
Option shares canceled.....	(100)	(70)	(60)
Weighted average exercise price.....	\$16	\$ 5	\$ 5
Option shares outstanding, December 31.....	3,770	4,290	3,440
Weighted average exercise price.....	\$10	\$10	\$ 8
Weighted average remaining option term (in years).....	4.7	5.3	4.4
Option shares exercisable, December 31.....	1,430	1,710	1,640
Weighted average exercise price.....	\$ 9	\$ 9	\$ 9

At December 31, 1997, options have been granted and are outstanding with exercise prices ranging from \$4 1/2 to \$25 per share, the fair market values at the dates of grant.

At December 31, 1997 and 1996, a combined total of 5,223,000 and 4,656,000 shares, respectively, of Company Common Stock were available for the granting of options and incentive awards under the above plans.

The Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25 and, accordingly, no stock option compensation expense is included in the determination of net income in the statement of income. The weighted average fair value on the date of grant of options granted was \$7.70 and \$6.20 in 1997 and 1996, respectively. Had stock option compensation expense been determined pursuant to the methodology of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the pro forma effects on the Company's earnings per share would have approximated \$.02 and \$.01 in 1997 and 1996, respectively, and had no effect in 1995.

The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	1997	1996	1995
	-----	-----	-----

Risk free interest rate.....	6.5%	6.5%	
7.3%			
Dividend yield.....	1.4%	1.1%	
1.1%			
Volatility factor.....	35.0%	39.0%	
39.0%			
Expected option life (in years).....	5.5	5.5	
5.5			

EMPLOYEE BENEFIT PLANS:

Pension and Profit-Sharing Benefits. The Company sponsors defined-benefit pension plans for most of its employees. In addition, substantially all salaried employees participate in noncontributory profit-sharing plans, to which payments are approved annually by the Directors. Aggregate

charges to income under these plans were \$9 million in 1997, \$11 million in 1996 and \$13 million in 1995.

F-18

69

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Net periodic pension cost for the Company's defined-benefit pension plans includes the following components for the three years ended December 31, 1997:

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Service cost -- benefits earned during the year....	\$ 3,480	\$ 5,230	\$ 4,680
Interest cost on projected benefit obligations.....	6,650	6,490	6,330
Actual return on assets..... (6,540)	(2,830)	(3,970)	
Net amortization and deferral.....	(2,790)	(740)	1,600
	-----	-----	-----
Net periodic pension cost.....	\$ 4,510	\$ 7,010	\$ 6,070
	=====	=====	=====

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

	1997	1996	1995
	-----	-----	-----
Discount rate for obligations..... 7.25%	7.25%	7.50%	
Rate of increase in compensation levels..... 5.00%	5.00%	5.00%	
Expected long-term rate of return on plan assets..... 11.00%	11.00%	11.00%	

The funded status of the Company's defined-benefit pension plans at December 31, 1997 and 1996 is as follows:

(IN THOUSANDS)

1997 1996

	ACCUMULATED	
	BENEFITS EXCEED ASSETS	BENEFITS EXCEED ASSETS

ACCUMULATED		
RECONCILIATION OF FUNDED STATUS		

Actuarial present value of benefit obligations:		
Vested benefit obligation.....	\$ 81,180	\$ 72,450
	=====	=====
Accumulated benefit obligation.....	\$ 87,830	\$ 77,380
	=====	=====
Projected benefit obligation.....	\$ 99,150	\$ 89,620
Assets at fair value.....	63,020	59,710
	-----	-----
Projected benefit obligation in excess of plan assets.....	(36,130)	(29,910)
Reconciling items:		
Unrecognized net loss.....	21,270	14,690
Unrecognized prior service cost.....	8,290	8,050
Unrecognized net asset at transition.....	(810)	(930)
Adjustment required to recognize minimum liability.....	(17,580)	(12,580)
	-----	-----
Accrued pension cost.....	\$(24,960)	\$(20,680)
	=====	=====

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

The Company records its postretirement benefit plans in accordance with Statement of Financial Accounting Standards No. 106 ("SFAS No. 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires the accrual method of accounting for postretirement health care and life insurance based on actuarially determined costs to be recognized over the period from the date of hire to the full eligibility date of employees who are expected to qualify for such benefits. In conjunction with SFAS No. 106, the Company recognizes the transition obligation on a

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

prospective basis with the net transition obligation amortized over its remaining life. Net periodic postretirement benefit cost includes the following components for the years ended December 31, 1997, 1996 and 1995:

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Service cost.....	\$ 300	\$ 400	\$ 300
Interest cost.....	1,400	1,600	1,900
Net amortization.....	700	800	1,100
	-----	-----	-----
Net periodic postretirement benefit cost.....	\$2,400	\$2,800	\$3,300
	=====	=====	=====

Postretirement benefit obligations, none of which is funded, are summarized as follows at December 31, 1997 and 1996:

	(IN THOUSANDS)	
	1997	1996
	-----	-----
Accumulated postretirement benefit obligations:		
Retirees.....	\$ 8,300	\$ 13,900
Fully eligible active plan participants.....	500	800
Other active participants.....	3,600	5,300
	-----	-----
Total accumulated postretirement benefit obligation.....	12,400	20,000
Unrecognized prior service cost.....	(500)	
(300)		
Unrecognized net gain.....	9,000	700
Unamortized transition obligation.....	(10,300)	
(11,000)		
	-----	-----
Accrued postretirement benefits.....	\$ 10,600	\$ 9,400
	=====	=====

The discount rate used in determining the accumulated postretirement benefit obligation was 7.25 percent in both 1997 and 1996. The change in the accumulated postretirement benefit obligation and the unrecognized net gain amounts is the result of the change in the actuarial assumptions concerning the health care cost trend rate. The assumed health care cost trend rate in 1997 was nine percent, decreasing to an ultimate rate in the year 2007 of five percent. If the assumed medical cost trend rates were increased by one percent, the accumulated postretirement benefit obligation would increase by \$.7 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost would increase by \$.1 million.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SEGMENT INFORMATION:

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

Transportation-Related Products and Services:

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

Engineering and technical business services.

Specialty Products:

Other Industrial -- Principally doors, windows, security grilles and office panels and partitions for commercial and residential markets.

The Company's export sales approximated \$71 million, \$75 million and \$85 million in 1997, 1996 and 1995, respectively.

Corporate assets consist primarily of cash and cash investments, marketable securities, equity and other investments in affiliates and notes receivable.

F-21

72

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	NET SALES			OPERATING PROFIT(B)		
	1997	1996	1995	1997	1996	1995
The Company's operations by industry segment are:						
Transportation-Related Products and Services(A).....	\$922,000	\$1,151,000	\$1,340,000	\$124,000	\$ 90,000	\$144,000
Specialty Products:						
Other Industrial.....	--	130,000	338,000	--	1,000	(3,000)
Total.....	\$922,000	\$1,281,000	\$1,678,000	124,000	91,000	141,000
Other income (expense), net.....				88,000	8,000	(9,000)
General corporate expense.....				(22,000)	(22,000)	(32,000)
Income before income taxes and cumulative effect of accounting change, net.....				\$190,000	\$ 77,000	\$100,000
Corporate assets.....						
Total assets.....						
Foreign Operations(F).....	\$100,000	\$ 170,000	\$ 166,000	\$ 15,000	\$ 17,000	\$ 22,000

(IN THOUSANDS)
ASSETS EMPLOYED AT
DECEMBER 31(C)

	1997	1996	1995
The Company's operations by industry segment are:			
Transportation-Related Products and Services(A).....	\$ 712,000	\$ 742,000	\$ 870,000
Specialty Products:			
Other Industrial.....	--	55,000	150,000
Total.....	712,000	797,000	1,020,000
Other income (expense), net.....			
General corporate expense.....			
Income before income taxes and cumulative effect of accounting change, net.....			
Corporate assets.....	433,000	406,000	402,000
Total assets.....	\$1,145,000	\$1,203,000	\$1,422,000
Foreign Operations(F).....	\$ 138,000	\$ 155,000	\$ 140,000

	PROPERTY ADDITIONS(D)			DEPRECIATION AND AMORTIZATION (E)		
	1997	1996	1995	1997	1996	1995
The Company's operations by industry segment are:						
Transportation-Related Products and Services.....	\$55,000	\$41,000	\$ 96,000	\$43,000	\$44,000	\$45,000
Specialty Products:						
Other Industrial.....	--	3,000	14,000	--	2,000	7,000
Total.....	\$55,000	\$44,000	\$110,000	\$43,000	\$46,000	\$52,000

(A) Included within this segment are sales to one customer of \$140 million, \$232 million and \$397 million in 1997, 1996 and 1995, respectively; sales to another customer of \$79 million, \$146 million and \$182 million in 1997, 1996 and 1995, respectively; sales to a third customer of \$62 million, \$122 million and \$178 million in 1997, 1996 and 1995, respectively; and sales to a fourth customer of \$156 million, \$155 million and \$136 million in 1997, 1996 and 1995, respectively.

(B) Operating profit in 1996 includes a \$32 million pre-tax loss principally from the sale of MascoTech Stamping Technologies, Inc. ("MSTI"). Operating profit in 1997 includes approximately \$5 million of additional pre-tax consideration earned from the sale of MSTI which was sold in 1996. These items impacted the Company's Transportation-Related Products and Services industry segment. The Company may receive additional consideration contingent upon the future earnings of MSTI through May 31, 1999. Operating profit in 1995 includes \$25 million in net gains resulting from sales of non-core businesses. These net gains were substantially offset by reductions in the estimated proceeds the Company expected to receive from businesses to be sold, aggregating \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million. The net gains (charge) impact the Company's industry segments as follows: Transportation-Related Products and Services - \$21 million and Specialty Products - \$(2) million. The remaining \$(14) million of the net gains (charge) was allocated to General Corporate Expense.

(C) Assets employed at December 31, 1996 and 1995 include net assets related to the disposition of certain operations (see "Dispositions of Operations" note).

(D) Property additions include approximately \$2 million and \$14 million in 1996 and 1995, respectively, of capital expenditures for those businesses held for disposition related to the plan adopted in late 1994.

(E) Depreciation and amortization expense includes approximately \$5 million in 1995 of expense for those businesses held for disposition related to the plan adopted in late 1994.

(F) The Company's foreign operations are located principally in Western Europe.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

OTHER INCOME (EXPENSE), NET:

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Other, net:			
Net realized and unrealized gains (losses) from marketable securities.....	\$13,130	\$ (160)	\$ 730
Interest income.....	3,440	1,160	2,390
Dividend income.....	650	420	950
Other, net.....	180	(4,020)	780
	-----	-----	-----
	\$17,400	\$(2,600)	\$4,850
	=====	=====	=====

INCOME TAXES:

	(IN THOUSANDS)		
	1997	1996	1995
	-----	-----	-----
Income before income taxes and cumulative effect of accounting change, net:			
Domestic.....	\$173,410	\$59,870	\$ 78,870
Foreign.....	16,880	17,350	21,410
	-----	-----	-----
	\$190,290	\$77,220	\$100,280
	=====	=====	=====
Provision for income taxes (credit):			
Federal, current.....	\$ 40,290	\$16,170	\$(24,210)
State and local.....	6,810	4,650	6,110
Foreign, current.....	10,430	7,840	7,860
Deferred, principally federal.....	17,520	8,640	51,330
	-----	-----	-----
Income taxes on income before cumulative effect of accounting change, net.....	\$ 75,050	\$37,300	\$ 41,090
	=====	=====	=====

The components of deferred taxes at December 31, 1997 and 1996 are as follows:

THOUSANDS)	(IN	
	1997	1996

Deferred tax assets:		
Inventories.....	\$ 2,440	\$
2,860		
Accrued liabilities.....	35,660	
35,170		
Alternative minimum tax.....	--	
6,750		

	38,100	
44,780		

Deferred tax liabilities:		
Property and equipment.....	64,630	
59,580		
Other, principally equity investments in affiliates....	62,240	
57,370		

	126,870	
116,950		

Net deferred tax liability.....	\$ 88,770	\$
72,170		
	=====	
=====		

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following is a reconciliation of tax computed at the U.S. federal statutory rate to the provision for income taxes allocated to income before income taxes and cumulative effect of accounting change, net:

THOUSANDS)	(IN		
	1997	1996	1995
	-----	-----	-----
U.S. federal statutory rate.....	35%	35%	35%
	-----	-----	-----
Tax at U.S. federal statutory rate.....	\$66,600	\$27,020	\$ 35,100
State and local taxes, net of federal tax benefit.....	4,430	3,020	3,970
Higher effective foreign tax rate.....	3,200	2,100	2,710
Non-deductible portion of charge for disposition of businesses.....	--	5,780	--
Amortization in excess of tax, net.....	(760)	(140)	1,630
Other, net..... (2,320)	1,580	(480)	
	-----	-----	-----
Income taxes before cumulative effect of accounting change, net.....	\$75,050	\$37,300	\$ 41,090
	=====	=====	=====

FAIR VALUE OF FINANCIAL INSTRUMENTS:

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

MARKETABLE SECURITIES, NOTES RECEIVABLE AND OTHER ASSETS

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

LONG-TERM DEBT

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

DERIVATIVES

The Company has limited involvement with derivative financial instruments, and does not use derivatives for trading purposes. The derivatives, principally consisting of S&P futures contracts, are intended to reduce the market risk associated with the Company's marketable equity securities portfolio. The Company's investment in futures contracts increases in value as a result of decreases in the underlying index and decreases in value when the underlying index increases. The contracts are financial instruments (with off-balance sheet market risk), as they are required to be settled in cash. The Company's market risk is subject to the price differential between the contract market value and contract cost. The average monthly notional amount of derivative contracts in 1997 was approximately \$17 million and there were no contracts outstanding at December 31, 1997.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Futures contracts trade on organized exchanges, and as a result, settlement of such contracts has little credit risk. Initial margin requirements are met in cash or other instruments, and changes in the contract values are settled periodically. Initial margin requirements are recorded as cash investments in the balance sheet. Futures contracts are short-term in nature, usually less than six months.

The carrying amounts and fair values of the Company's financial instruments at December 31, 1997 and 1996 are as follows:

	1997		(IN THOUSANDS) 1996	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash investments.....	\$ 41,110	\$ 41,110	\$ 19,400	\$ 19,400
Marketable securities, notes receivable and other assets.....	\$ 80,760	\$ 81,590	\$124,270	\$125,460
Long-term debt:				
Bank debt.....	\$267,000	\$267,000	\$265,000	\$265,000
4 1/2% Convertible Subordinated Debentures.....	\$310,000	\$269,700	\$310,000	\$252,650
6 5/8% Note held by Masco Corporation.....	--	--	\$151,380	\$151,380
Other long-term debt.....	\$ 15,000	\$ 14,500	\$ 26,020	\$ 24,490

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

INTERIM AND OTHER SUPPLEMENTAL FINANCIAL DATA (UNAUDITED):

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS) FOR THE QUARTERS ENDED			
	DECEMBER 31ST	SEPTEMBER 30TH	JUNE 30TH	MARCH 31ST
1997:				
Net sales.....	\$233,620	\$222,030	\$233,040	\$233,440
Gross profit.....	\$42,020	\$ 34,350	\$ 53,990	\$ 56,300
Net income:				
Income.....	\$19,270	\$ 38,660	\$ 24,650	\$ 32,660
Income attributable to common stock.....	\$19,270	\$ 38,660	\$ 21,650	\$ 29,420
Per common share:				
Basic.....	\$.43	\$.86	\$.61	\$.83
Diluted.....	\$.37	\$.70	\$.46	\$.59
Market price per common share:				
High.....	\$21 5/16	\$22 1/2	\$23 1/2	\$21 1/4
Low.....	\$16 1/2	\$20	\$18 1/2	\$16
1996:				
Net sales.....	\$271,450	\$290,790	\$345,060	\$373,920
Gross profit.....	\$58,160	\$ 55,580	\$ 57,930	\$ 61,440
Income (loss) before accounting change item.....	\$16,450	\$ 19,390	\$ (6,660)	\$ 10,740
Per common share:				
Basic.....	\$.32	\$.30	\$(.19)	\$.14
Diluted.....	\$.28	\$.28	\$(.19)	\$.13
Net income (loss):				
Income (loss).....	\$16,450	\$ 19,390	\$ (6,660)	\$ 22,440
Income (loss) attributable to common stock.....	\$13,210	\$ 16,150	\$ (9,900)	\$ 19,200
Per common share:				
Basic.....	\$.32	\$.30	\$(.19)	\$.36
Diluted.....	\$.28	\$.28	\$(.19)	\$.34
Market price per common share:				
High.....	\$17	\$15 1/2	\$16 1/8	\$13 5/8
Low.....	\$13 1/2	\$13	\$12 1/2	\$10 3/8

Results for the first and fourth quarters 1997 include pre-tax gains of approximately \$13 million and \$5 million, respectively, as a result of equity transactions by affiliates of the Company.

Results for the first, second, third and fourth quarters 1997 include pre-tax marketable securities gains (losses) of approximately \$5.0 million, \$4.0 million, \$4.4 million and \$(.3) million, respectively.

Results for the third quarter 1997 include a pre-tax gain of approximately \$46 million related to the transfer of the Company's equity holdings in Emco Limited to Masco Corporation. This gain was partially offset by pre-tax costs approximating \$14 million associated with a plant closure and the Company's share of a special charge recorded by an equity affiliate and other expenses.

Results for the fourth quarter 1997 include approximately \$5 million pre-tax of additional consideration earned from the sale of MascoTech Stamping Technologies, Inc. which was sold in the second quarter 1996.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONCLUDED)

Results for the fourth quarter 1997 were negatively impacted by charges aggregating approximately \$10 million pre-tax principally related to severance, the Company's share of a charge recorded by an equity affiliate, write-off of deferred charges and loss on disposition of fixed assets.

Convertible securities were anti-dilutive in the first quarter 1996 for purposes of computing diluted earnings per common share and earnings per common share on income before accounting change.

Results for the second quarter 1996 include an after-tax loss of approximately \$26 million related to the sale of MascoTech Stamping Technologies, Inc.

Net income for the first quarter of 1996 includes an after-tax gain of approximately \$12 million as a result of the adoption of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," effective January 1, 1996 which was recorded as a cumulative effect of an accounting change.

The 1997 and 1996 income (loss) per common share amounts for the quarters do not total to the full year amounts due to the purchase and retirement of shares throughout the year.

SUBSEQUENT EVENT:

In January 1998, the Company completed its tender offer for all of the outstanding shares of common stock of TriMas Corporation not held by the Company for approximately \$920 million in accordance with the terms of the Company's previously announced acquisition agreement with TriMas.

The acquisition will be accounted for as a purchase in 1998. The purchase price will be allocated to the previously unowned assets acquired and liabilities assumed based upon their estimated fair values. The excess of the purchase price over the net assets acquired will be amortized over a period not exceeding 40 years. The purchase price allocation will be determined during 1998 when appraisals, other studies and additional information become available. Results of operations for TriMas will be included with those of the Company for periods subsequent to the date of the acquisition.

TriMas is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets.

The following is summarized financial data of TriMas as of and for the year ended December 31, 1997:

THOUSANDS)	(IN
	1997
Current assets.....	\$290,630
	=====
Total assets.....	\$708,460
	=====
Total liabilities.....	\$159,060
	=====
Net sales.....	\$667,910
	=====
Operating profit.....	\$113,700
	=====

MASCOTECH, INC.
FINANCIAL STATEMENT SCHEDULE
PURSUANT TO ITEM 14(A)(2) OF FORM 10-K
ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 1997

Schedule, as required for the years ended December 31, 1997, 1996 and 1995:

PAGE

II. Valuation and Qualifying Accounts.....
F-29

F-28
79

MASCOTECH, INC.

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
-----	-----	-----		-----	-----
		ADDITIONS			
			CHARGED		
			(CREDITED)		
DESCRIPTION	BALANCE AT	CHARGED	TO OTHER	DEDUCTIONS	BALANCE AT
-----	BEGINNING	TO COSTS	ACCOUNTS	-----	END OF PERIOD
	OF PERIOD	AND EXPENSES			-----
			(A)	(B)	
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1997.....	\$2,000,000	\$500,000	\$ 60,000	\$1,380,000	\$1,180,000
	=====	=====	=====	=====	=====
1996.....	\$1,880,000	\$890,000	\$ 20,000	\$ 790,000	\$2,000,000
	=====	=====	=====	=====	=====
1995.....	\$1,590,000	\$400,000	\$410,000	\$ 520,000	\$1,880,000
	=====	=====	=====	=====	=====

(A) Allowance of companies acquired, and other adjustments, net in 1997 and 1995. Allowance of companies reclassified for businesses held for disposition, and other adjustments, net in 1996 and 1995.

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

EXHIBIT INDEX

EXHIBIT
NUMBER

DESCRIPTION

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto. (filed herewith)
- 3.ii Bylaws of Masco Corporation, as amended.(5)
- 4.a.i Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due October 1, 2001(7), (ii) 6 5/8 Notes Due September 15, 1999 (filed herewith), (iii) 6 1/8 Notes Due September 15, 2003(6), and (iv) 7 1/8% Debentures Due August 15, 2013.(6)
- 4.a.ii Agreement of Appointment and Acceptance of Successor Trustee dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First National Bank of Chicago.(4)
- 4.a.iii Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(4)
- 4.b \$750,000,000 Amended and Restated Credit Agreement dated as of November 14, 1996 among Masco Corporation, the banks party thereto and Morgan Guaranty Trust Company of New York, as agent(7) and Amendment No. 1 dated April 30, 1997. (filed herewith)
- 4.c Rights Agreement dated as of December 6, 1995, between Masco Corporation and The Bank of New York, as Rights Agent.(2)
- 4.d Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(5), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(3)
- 4.e \$1,300,000,000 Credit Agreement dated as of January 16, 1998 among MascoTech, Inc., MascoTech Acquisition, Inc., the banks party thereto from time to time, The First National Bank of Chicago, as Administrative Agent, Bank of America NT&SA and NationsBank, N.A., as Syndication Agents and Amendment No. 1 thereto dated as of February 10, 1998. (filed herewith)
- NOTE: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.
- 10.a Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(2)
- 10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) (filed herewith), Amendment No. 1 dated as of October 31, 1996(1), and related letter agreement dated as of January 20, 1998 (filed herewith)
- 10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(2) and Amendment No. 1 dated as

EXHIBIT
NUMBER

DESCRIPTION

- 10.d Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990 (7), and amendment to Stock Repurchase Agreement included in Agreement dated as of November 23, 1993.(5)
- NOTE: Exhibits 10.e through 10.r constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.
- 10.e Masco Corporation 1991 Long Term Stock Incentive Plan (Amended and Restated April 23, 1997). (filed herewith)
- 10.f Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)
- 10.g Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).(2)
- 10.h Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).(2)
- 10.i Masco Corporation Supplemental Executive Retirement and Disability Plan.(3)
- 10.j Masco Corporation Benefits Restoration Plan.(3)
- 10.k Masco Corporation 1997 Annual Incentive Compensation Plan. (filed herewith)
- 10.l Masco Corporation 1997 Non-Employee Directors Stock Plan.(filed herewith)
- 10.m MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Amended and Restated April 23, 1997). (filed herewith)
- 10.n MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)
- 10.o MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).(2)
- 10.p MascoTech, Inc. 1997 Annual Incentive Compensation Plan.(filed herewith)
- 10.q MascoTech, Inc. 1997 Non-Employee Directors Stock Plan.(filed herewith)
- 10.r Description of the Masco Corporation Program for Estate, Financial Planning and Tax Assistance. (filed herewith)
- 10.s Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 ("Securities Purchase Agreement") between MascoTech, Inc. and Masco Corporation, including form of Note (5), Agreement dated as of November 23, 1993 relating thereto (5), and Amendment No. 1 to the Securities Purchase Agreement dated as of October 31, 1996.(1)
- 10.t Registration Agreement dated as of March 31, 1993, between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(5)
- 10.u Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation)(7) and Amendment thereto dated May 21, 1997. (filed herewith)
- 10.v 12% Senior Note Due 2008 by Furnishings International Inc. to Masco Corporation and Registration Rights Agreement dated as of August 5, 1996 between Furnishings International Inc. and Masco Corporation.(7)
- 10.w Stock Purchase Agreement dated as of October 15, 1996 between Masco Corporation and MascoTech, Inc.(1)
- 12 Computation of Ratio of Earnings to Fixed Charges. (filed herewith)
- 21 List of Subsidiaries. (filed herewith)
- 23.a Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation [Financial Statements](#) and [Financial Statement Schedule](#). (filed herewith)

EXHIBIT NUMBER -----	DESCRIPTION -----
23.b MascoTech,	Consent of Coopers & Lybrand L.L.P. relating to Inc.'s Financial Statements and Financial Statement Schedule. (filed herewith)
27.a	Financial Data Schedule as of and for the year ended December 31, 1997. (filed herewith)
27.b	Financial Data Schedule as of and for the year-to-date periods ended September 30, 1997, June 30, 1997 and March 31, 1997. (filed herewith)
27.c	Financial Data Schedule as of and for the year-to-date periods ended December 31, 1996, September 30, 1996, June 30, 1996 and March 31, 1996. (filed herewith)
27.d	Financial Data Schedule as of and for the year ended December 31, 1995. (filed herewith)

- (1) Incorporated by reference to the Exhibits filed with Masco Corporation's Current Report on Form 8-K dated November 13, 1996.
- (2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1995.
- (3) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
- (4) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.
- (5) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.
- (6) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.
- (7) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

1
EXHIBIT 3.i

RESTATED CERTIFICATE OF INCORPORATION
OF
MASCO CORPORATION

* * * * *

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

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

FIRST: The name of the corporation is MASCO CORPORATION.

SECOND: Its registered office in the State of Delaware is

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

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

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

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

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

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

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

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

In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of the preferred stock shall be entitled, before any assets of the Corporation shall be distributed among or paid over to the holders of the common stock, to an amount per share to be determined before issuance

-2-

3

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

The Board of Directors shall have authority to divide the shares of preferred stock into series and fix, from time to time, before issuance, the number of shares to be included in any series and the designation, relative rights, preferences and limitations of all shares of such series. The authority of the Board of Directors with respect to each series shall include the determination of any or all of the following, and the shares of each series may vary from the shares of any other in the following respects: (a) the number of shares constituting such series and the designation thereof to distinguish the shares of such series from the shares of all other series; (b) the rate of dividend, cumulative or noncumulative, and the extent of further participation in dividend distribution, if any; (c) the prices at which issued (at not less than par) and the terms and conditions upon which the shares may be redeemable by the Corporation; (d) sinking fund provisions for the redemption or purchase of shares; (e) the voting rights; and (f) the terms and conditions upon which the shares are convertible into other classes of stock of the Corporation, if such shares are to be convertible.

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

FIFTH: The Corporation is to have perpetual existence.

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

-3-

4

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

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock or any other class of stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Designation with

-4-

5

respect to such stock, such directors so elected shall not be divided into classes pursuant to this Article SEVENTH, and the number of such directors shall not be counted in determining the maximum number of directors permitted under the foregoing provisions of this Article SEVENTH, in each case unless expressly provided by such terms.

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

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

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

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

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

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

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper

-6-

7

purpose and to abolish any such reserve in the manner in which it was created.

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

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

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

-7-

8

or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation. Elections of Directors need not be by ballot unless the by-laws of the Corporation shall so provide.

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

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

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

-8-

9

of the Corporation immediately prior to the commencement of acquisition of the Corporation's common stock by such other entity;

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

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

(d) Such other entity shall not have (i) received the benefit, directly or indirectly (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial assis-

-9-

10

tance or tax credits of or provided by the Corporation, or (ii) made any major change in the Corporation's business or equity capital structure without the unanimous approval of the directors, in either case prior to the consummation of such business combination; and

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

The provisions of this Article THIRTEENTH shall also apply to a business combination with any other entity which at any time has been the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article THIRTEENTH as one class, notwithstanding the fact that such other entity has reduced its shareholdings below 30% if, as of the record date for the determination of stockholders entitled to notice of and to vote on to the business combination, such other entity is an "affiliate" of the Corporation (as hereinafter defined).

2. As used in this Article THIRTEENTH, (a) the term "other entity" shall include any corporation, person or other entity and any other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 31, 1981, together with the

-10-

11

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

3. A majority of the continuing directors shall have the power and duty to determine for the purposes of this Article THIRTEENTH on the basis of information known to them whether (a) such other entity beneficially owns 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors; (b) an other entity is an "affiliate" or "associate" (as defined above) of another; (c) an other entity has an agreement, arrangement or understanding with another; or (d) the assets being acquired by the Corporation, or any subsidiary thereof, have an aggregate fair market value of less than \$5,000,000.

-11-

12

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

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

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

FIFTEENTH: 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was

-12-

13

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

2. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide indemnification and the advancement of expenses, to any agent of the Corporation and to any person (other than directors, officers and employees of the Corporation, who shall be entitled to indemnification under Paragraph 1

-13-

14

above) who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, to such extent and to such effect as the Board of Directors shall determine to be appropriate and permitted by applicable law, as the same exists or may hereafter be amended.

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

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

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

MASCO CORPORATION

BY /s/ Richard A. Manoogian

*Richard A. Manoogian
Chairman of the Board*

-14-

15

ATTEST:

/s/ Gerald Bright

Gerald Bright
Secretary

-15-

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

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

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

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

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

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

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

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

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

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

MASCO CORPORATION

By /s/ Richard G. Mosteller

Richard G. Mosteller
Senior Vice President -

Finance
ATTEST:

By /s/ Gerald Bright

Gerald Bright
Secretary

Exhibit A

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

OF

MASCO CORPORATION

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

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

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

Section 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred
Stock" (the "Series A Preferred Stock"), and the number of shares constituting such series shall be 175,106.

Such number of shares of the Series A Preferred Stock may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares issuable upon exercise or conversion of outstanding rights, options or other securities issued by the Corporation.

Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable on February 15, May 15, August 15 and November 15 of each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of any share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 and (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends or other distributions and 1,000 times the aggregate per share amount of all non-cash dividends or other distributions (other than (i) a dividend payable in shares of Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") or (ii) a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. If the Corporation shall at any time after December 6, 1995 (the "Rights Declaration Date") pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than as described in clauses (i) and (ii) of the first sentence of paragraph (A));

provided that if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date (or, with respect to the first Quarterly Dividend Payment Date, the period between the first issuance of any share or fraction of a share of Series A Preferred Stock and such first Quarterly Dividend Payment Date), a dividend of \$1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

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

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

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of stockholders of the Corporation. If the Corporation shall at any

time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

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

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

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of 10% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of

holders of Common Stock shall not affect the exercise by holders of Preferred Stock of such voting right. At any meeting at which holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two Directors or, if such right is exercised at an annual meeting, to elect two Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60

days immediately preceding the date fixed for the next annual meeting of stockholders.

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

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

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

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

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

Section 4. Certain Restrictions.

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

- (i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;
- (ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such other parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;
- (iii) redeem, purchase or otherwise acquire for value any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or
- (iv) redeem, purchase or otherwise acquire for value any shares of Series A Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon

liquidation, dissolution or winding up) with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Preferred Stock and all such other parity stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

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

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

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment; provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common

Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such other parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

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

the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

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

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

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

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

/s/ Richard G. Mosteller

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

Attest:

/s/ Eugene A. Gargaro, Jr.

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

**CERTIFICATE OF MERGER
OF
LA GARD, INC.
INTO
MASCO CORPORATION**

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

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

Name -----	State of Incorporation -----
La Gard, Inc. ("La Gard")	California
Masco Corporation ("Masco")	Delaware

SECOND: An Agreement and Plan of Reorganization dated February 21, 1997 (the "Agreement"), among Masco, La Gard and the Shareholders of La Gard, with respect to, among other things, the merger of La Gard into Masco (the "Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the GCL.

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

FOURTH: That the Restated Certificate of Incorporation of Masco Corporation, a Delaware corporation which is surviving the merger, shall be the Certificate of Incorporation of the surviving corporation.

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

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

SEVENTH: The authorized capital stock of LaGard, Inc., the foreign corporation which is a party to the merger is 1,000,000 shares of Common Stock, no par value, of which 134,000 shares are issued, outstanding and owned by the Stockholders.

EIGHTH: The Merger has been approved by the Shareholders of LaGard, Inc.

This Certificate of Merger shall be effective as of filing with the Secretary of State of Delaware.

MASCO CORPORATION

*By /s/ Richard G.
Mosteller*

*Richard G. Mosteller
Vice President*

ATTEST:

By /s/ Eugene A. Gargaro, Jr.

Eugene A. Gargaro, Jr.

**CERTIFICATE OF MERGER
OF
TEXWOOD INDUSTRIES, INC.
INTO
MASCO CORPORATION**

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

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

Name Incorporation ----- -----	State of
Texwood Industries, Inc.	Texas
Masco Corporation	Delaware

SECOND: An Agreement and Plan of Reorganization dated July 24, 1997 (the "Agreement") among Masco Corporation, Texwood Industries, Inc. and the shareholders of Texwood Industries, Inc., with respect to, among other things, the merger of Texwood Industries, Inc. into Masco Corporation (the "Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the GCL.

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

FOURTH: That the Restated Certificate of Incorporation of Masco Corporation, a Delaware corporation which is surviving the merger, shall be the Certificate of Incorporation of the surviving corporation.

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

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

SEVENTH: The authorized capital stock of Texwood Industries, Inc., the foreign corporation which is a party to the Merger, is 100,000 shares of common stock, \$1 par value.

EIGHTH: The Merger shall become effective upon filing the Certificate of Merger with the Secretary of State of Delaware and the Articles of Merger with the Secretary of State of Texas.

IN WITNESS WHEREOF, Masco Corporation has caused this Certificate of Merger to be signed by a Vice President and attested by its Secretary this 25th day of July, 1997.

MASCO CORPORATION

By /s/ John R. Leekley

John R. Leekley
Senior Vice President

ATTEST:

By /s/ Eugene A. Gargaro, Jr.

Eugene A. Gargaro, Jr.
Secretary

1
EXHIBIT 4a.i

**RESOLUTIONS
OF THE
PRICING COMMITTEE
OF THE
BOARD OF DIRECTORS
OF MASCO CORPORATION**
September 10, 1992

In lieu of a meeting, the undersigned being all of the members of the Pricing Committee of the Board of Directors of Masco Corporation, a Delaware corporation (the "Company"), adopt the following resolutions:

WHEREAS, the Company has filed a Registration Statement (No. 33-40067) on Form S-3 with the Securities and Exchange Commission, which is in effect;

WHEREAS, the Company desires to create an additional series of securities under the Indenture dated as of December 1, 1982 (the "Indenture"), with Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"), providing for the issuance from time to time of unsecured debentures, notes or other evidences of indebtedness of this Company ("Securities") in one or more series under such Indenture; and

WHEREAS, capitalized terms used in these resolutions and not otherwise defined are used with the same meaning ascribed to such terms in the Indenture;

THEREFORE RESOLVED, that there is established a series of Securities under the Indenture, the terms of which shall be as follows:

1. The Securities of such series shall be designated as the "6-5/8% Notes Due September 15, 1999".
2. The aggregate principal amount of Securities of such series which may be authenticated and delivered under the Indenture is limited to Two Hundred Million Dollars (\$200,000,000), except for Securities of such series authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Sections 2.07, 2.08, 2.09, 9.04, or 14.03 of the Indenture.
3. The date on which the principal of the Securities of such series shall be payable is September 15, 1999.
4. The Securities of such series shall bear interest from September 15, 1992, at the rate of 6-5/8% per annum, payable semi-annually on March 15 and September 15 of each year commencing on March 15, 1993, until the principal thereof is paid or made available

for payment. The March 1 or September 1 (whether or not a business day), as the case may be, next preceding each such interest payment date shall be the "record date" for the determination of holders to whom interest is payable.

5. The principal of and the interest on the Securities of such series shall be payable at the office or agency of this Company maintained for such purpose under Section 3.02 of the Indenture in the Borough of Manhattan, The City of New York, or at any other office or agency designated by the Company, for such purpose pursuant to the Indenture; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear on the Company's registry books.

6. The Securities of such series shall not be redeemable prior to maturity.

7. The Securities of such series shall be issuable in denominations of One Thousand dollars (\$1,000) and any integral multiples thereof.

8. The Securities shall be issuable at a price such that this Company shall receive \$197,750,000 (plus accrued interest from September 15, 1992 to the date of delivery) after an underwriting discount of \$1,250,000.

FURTHER RESOLVED, that the Securities of such series are declared to be issued under the Indenture and subject to the provisions hereof;

FURTHER RESOLVED, that the Chairman of the Board, the President or any Vice President of the Company is authorized to execute, on the Company's behalf and in its name, and the Secretary or any Assistant Secretary of the Company is authorized to attest to such execution and under the Company's seal (which may be in the form of a facsimile of the Company's seal), \$200,000,000 aggregate principal amount of the Securities of such series (and in addition Securities to replace lost, stolen, mutilated or destroyed Securities and Securities required for exchange, substitution or transfer, all as provided in the Indenture) in fully registered form in substantially the form of the note filed as an exhibit to the Company's Registration Statement on Form S-3 (No. 33-40067), but with such changes and insertions therein as are appropriate to conform the Notes to the terms set forth herein or otherwise as the respective officers executing the Securities shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of such Securities, and to deliver such Securities to the Trustee for authentication, and the Trustee is authorized and directed thereupon to authenticate and deliver the same to or upon the written order of this Company as provided in the Indenture;

FURTHER RESOLVED, that the signatures of the Company officers so authorized to execute the Securities of such series may be the manual or facsimile signatures of the present or any future authorized officers and may be imprinted or otherwise reproduced thereon, and the Company for such purpose adopts each facsimile signature as binding upon it notwithstanding the fact that at

the time the respective Securities shall be authenticated and delivered or disposed of, the individual so signing shall have ceased to hold such office;

FURTHER RESOLVED, that Salomon Brothers Inc, Smith Barney, Harris Upham & Co. Incorporated and J.P. Morgan Securities Inc. are appointed as the underwriters for the issuance and sale of the Securities of such series, and the Chairman of the Board, the President or any Vice President of the Company is authorized, in the Company's name and on its behalf, to execute and deliver an Underwriting Agreement, substantially in the form heretofore approved by the Company's Board of Directors, with such underwriters, with such changes and insertions therein as are appropriate to conform such Underwriting Agreement to the terms set forth herein or otherwise as the officer executing such Underwriting Agreement shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of the Underwriting Agreement;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York, the Trustee under the Indenture, is appointed trustee for Securities of such series, and as Agent of this Company for the purpose of effecting the registration, transfer and exchange of the Securities of such series as provided in the Indenture, and the corporate trust office of Morgan Guaranty Trust Company of New York in the Borough of Manhattan, The City of New York is designated pursuant to the Indenture as the office or agency of the Company where such Securities may be presented for registration, transfer and exchange and where notices and demands to or upon this Company in respect of the Securities and the Indenture may be served;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York is appointed Paying Agent of this Company for the payment of interest on and principal of the Securities of such series, and the corporate trust office of# Indenture, as the office or agency of the Company where Securities may be presented for payment; and

FURTHER RESOLVED, that each of the Company's officers is authorized and directed, on behalf of the Company and in its name, to do or cause to be done everything such officer deems advisable to effect the sale and delivery of the Securities of such series pursuant to the Underwriting Agreement and otherwise to carry out the Company's obligations under the Underwriting Agreement, and to do or cause to be done everything and to execute and deliver all documents as such officer deems advisable in connection with the execution and delivery of the Underwriting Agreement and the execution, authentication and delivery of such Securities (including, without limiting the generality of the foregoing, delivery to the Trustee of the Securities for authentication and of requests or orders for the authentication and delivery of Securities).

-3-

4

REGISTERED
REGISTERED
R

MASCO CORPORATION CUSIP 574599 AM 8
6 5/8% NOTE DUE SEPTEMBER 15, 1999

Masco Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein referred to as the "Company"), for value received, hereby promises to pay to SEE REVERSE FOR CERTAIN DEFINITIONS

6 5/8%	6
5/8%	
DUE	DUE
1999	1999

or registered assigns, at the office or agency of the Company in the Borough of Manhattan, The City of New York, the principal sum of

DOLLARS

on September 15, 1999, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on March 15 and September 15 of each year, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Note, from the March 15 or September 15, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Note, or unless no interest has been paid or duly provided for on the Notes since the original issue date (as defined in the Indenture referred to on the reverse hereof) of this Note, in which case from the March 15 or September 15 next preceding such original issue date or if the original issue date is a March 15 or September 15 then from such original issue date, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after March 1 or September 1, as the case may be, and before the following March 15 or September 15, this Note shall bear interest from such March 15 or September 15; provided, however, that if the Company shall default in the payment of interest on such March 15 or September 15, then this Note shall bear interest from the next preceding March 15 or September 15 to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Notes since the original issue date (as defined in such Indenture) of this Note, from the March 15 or September 15 next preceding such original issue date unless the original issue date is a March 15 or September 15, in which case from the original issue date hereof. The interest so payable on any March 15 or September 15 will, subject to certain exceptions provided in such Indenture, be paid to the person in whose name this Note is registered at the close of business on the March 1 or September 1, as the case may be, next preceding such March 15 or September 15, whether or not such March 1 or September 1 is a business day, and may, at the option of the Company, be paid by check mailed to the registered address of such person.

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under such Indenture.

In Witness Whereof, Masco Corporation has caused this instrument to be executed in its corporate name by the facsimile signature of its Chairman of the Board or its President and imprinted with a facsimile of its corporate seal, attested by the facsimile signature of its Secretary or an Assistant Secretary.

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred

to in the within-mentioned Indenture.

Dated

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

ATTEST:

BY:

BY

AS TRUSTEE

AUTHORIZED OFFICER

SECRETARY

CHAIRMAN OF THE BOARD

[Masco Corporation Corporate Seal Delaware]

MASCO CORPORATION
6 5/8% NOTE DUE SEPTEMBER 15, 1999

This Note is one of a duly authorized issue of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of December 1, 1982 (herein called the "Indenture"), duly executed and delivered by the Company to Morgan Guaranty Trust Company of New York, Trustee (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided. This Note is one of a series designated as the 6 5/8% Notes Due September 15, 1999 of the Company, limited in aggregate principal amount to \$200,000,000.

In case an Event of Default with respect to the 6 5/8% Notes Due September 15, 1999 shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series to be affected (voting as a class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture shall (i) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that hereinbefore provided, or impair or affect the right of any holder to institute suit for payment thereof or the right of repayment, if any, at the option of the holder, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid principal amount of Securities of all series to be affected, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Securities so affected then outstanding. It is also provided in the Indenture that, with respect to certain defaults or Events of Default regarding the Securities of any series, prior to any declaration accelerating the maturity of such Securities, the holders of a majority in aggregate principal amount of the Securities of such series at the time outstanding (or, in the case of certain defaults or Events of Default, all the Securities) may on behalf of the holders of all of the Securities of such series (or all the Securities, as the case may be) waive any such past default or Event of Default under the Indenture and its consequences except a default in the payment of principal of, premium, if any, or interest, if any, on any of the Securities. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or transfer hereof or in substitution hereof, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

The Notes are issuable in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000. Upon due presentment for registration of transfer of this Note at the office or agency of the Company for such registration in the Borough of Manhattan, The City of New York, or any other location or locations as may be provided for pursuant to the Indenture, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Notes may not be redeemed prior to maturity.

The Company, the Trustee and any agent of the Company or the Trustee may deem and treat the holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon), for the purpose of receiving payment of or on account of the principal hereof and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any such agent shall be affected by any notice to the contrary. All payments made to or upon the order of such holder shall, to the extent of the sum or sums paid, effectually satisfy and discharge liability for moneys payable on this Note.

No recourse for the payment of the principal of, or premium, if any, or interest on this Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

All terms used in this Note which are defined in the Indenture shall have the respective meanings ascribed to them therein.

This Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of that State.

The following abbreviations, where such abbreviations appear on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --as tenants in common UNIF GIFT MIN ACT.....Custodian.....
(Cust) (Minor)
TEN ENT --as tenants by the entireties under Uniform Gifts to Minors
JT TEN --as joint tenants with right of
survivorship and not as tenants Act.....
in common (State)
Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

the within Note of MASCO CORPORATION and hereby does irrevocably constitute and appoint

_____ Attorney
to transfer the said Note on the books of the within-named Company, with full power of substitution in the premises

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST
CORRESPOND WITH THE NAME AS WRITTEN UPON THE
FACE OF THE CERTIFICATE IN EVERY PARTICULAR
WITHOUT ALTERATION OR ENLARGEMENT OR ANY
CHANGE WHATEVER

1
EXHIBIT 4.b

Memorandum JPMORGAN

Morgan Guaranty Trust Company To: Robert Rosowski
Masco Corporation

Fax: (313)374-6135

From: J.P. Morgan Securities, Inc.

Date: April 30, 1997

Subject: Amendment No I to Masco
Amended and Restated Credit
dated as of November 14, 1996

Corporation's
Agreement

It has come to our attention that an erroneous cross-reference exists in Masco Corporation's \$750,000,000 Amended and Restated Credit Agreement dated as of November 14, 1996. Specifically, Section 3.02(d) which requires that all representations and warranties be true for All Borrowings incorrectly refers to Section 4.04(b) rather than 4.04(c) for the material adverse change exception relating to Refunding Borrowings.

Section 3.02(d) in the 1996 Amended and Restated Agreement inadvertently continued to cross reference Section 4.04(b) which was changed in the Amendment to address interim financial statements. The material adverse change clause which was formerly Section 4.04(b) became Section 4.04(c).

Please sign a copy of this letter in the space provided below to confirm your agreement to amend the 1996 Amended and Restated Credit Agreement to correct the erroneous cross-reference by changing 4.04(b)" to "4.04(c)" in Section 3.02(d). We would appreciate your returning this letter to Patricia Lunka by facsimile at (212)648-5336 no later than Friday, May 9, 1997. Should you have any questions, please do not hesitate to call Patricia Lunka at (212)648-7457. We will send you notification of the effectiveness of Amendment No. I following receipt of signature pages by the Required Banks. Thank you in advance for attending to this matter.

Very truly yours,

Lunka

/s/Patricia

*The undersigned agrees to
the foregoing amendment:*

Masco Corporation

By /s/Robert B. Rosowski

V.P. Controller & Treasurer

1
EXHIBIT 4.e

MASCOTECH, INC.,
MASCOTECH ACQUISITION, INC.,
and
THE BORROWING SUBSIDIARIES,
as Borrowers

\$1,300,000,000

CREDIT AGREEMENT

dated as of January 16, 1998

THE FIRST NATIONAL BANK OF CHICAGO
as Administrative Agent

BANK OF AMERICA NT&SA

and

NATIONSBANK, N.A.
as Syndication Agents

2

TABLE OF CONTENTS

ARTICLE I.

2 DEFINITIONS.

2 1.1 Certain Definitions.

2 1.2 Accounting Terms

.23 1.3 Other Definitions; Rules of Construction

.24

ARTICLE II.

.24

TERMINATION OF EXISTING CREDIT AGREEMENT

.24

ARTICLE III.

THE LOANS AND LETTER OF CREDIT ISSUANCES

.24

.24 3.1 Revolving Loans

.24 3.2 Term Loans

.25 3.3 Letters of Credit.

.25 3.4 Bid-Option Borrowings.

.29 3.5 Swing Line Loans

.34 3.6 Alternate Currency Syndicated Loans.

.35 3.7 Notice to Banks; Funding of Loans.

.37 3.8 The Notes.

.40 3.9 Certain Fees

.40 3.10 Optional Termination or Reduction of Commitments

.41 3.11 Mandatory Termination of Commitments

.41 3.12 Borrowing Subsidiaries

.42

ARTICLE IV.

PRINCIPAL PAYMENTS; INTEREST; ETC.

.42

.42 4.1 Scheduled Principal Payments

.42 4.2 Prepayments of Principal

.43 4.3 Interest Payments

.45 4.4 Payment Procedures

.46 4.5 Computation of Interest and Fees

.48 4.6 No Setoff or Deduction

.48 4.7 Types for all Loans.

.48 4.8 Method of Selecting Types and Interest Periods for
Conversion Powered By EDGAR ANALYST INVESTMENT OF LOANS INC.

.49 (A) Right to Convert.

.49

	(B) Automatic Conversion and Continuation . . . . .	.49
	(C) No Conversion After Default . . . . .	.49
	(D) Conversion/Continuation Notice. . . . .	.49
4.9	Other Provisions Applicable to Alternate Currency Loans. . . . .	.49

ARTICLE V.

	CHANGE IN CIRCUMSTANCES. . . . .	.50
5.1	Impossibility; Interest Rate Inadequate or Unfair. . . . .	.50
5.2	Illegality . . . . .	.50
5.3	Increased Cost; Yield Protection . . . . .	.51
5.4	Substitute Loans . . . . .	.54
5.5	Funding Losses . . . . .	.54

ARTICLE VI.

	REPRESENTATIONS AND WARRANTIES . . . . .	.55
6.1	Corporate Existence and Power. . . . .	.55
6.2	Corporate Authority; No Violations; Governmental Filings; Etc . . . . .	.55
6.3	Binding Effect . . . . .	.56
6.4	Litigation . . . . .	.56
6.5	Taxes. . . . .	.56
6.6	Financial Condition. . . . .	.56
6.7	Compliance with ERISA. . . . .	.56
6.8	Environmental Matters. . . . .	.57
6.9	Compliance with Laws . . . . .	.57
6.10	Subordinated Debt. . . . .	.57

ARTICLE VII.

	COVENANTS . . . . .	.58
7.1	Financial Statements . . . . .	.58
7.2	Certificates of No Default and Compliance. . . . .	.59
7.3	Preservation of Corporate Existence, Etc.. . . . .	.60
7.4	Minimum Capitalization . . . . .	.60
7.5	Fixed Charge Coverage Ratio. . . . .	.60
7.6	Maximum Leverage Ratio . . . . .	.61
7.7	Subsidiary Indebtedness. . . . .	.62
7.8	Negative Pledge. . . . .	.62
7.9	Dispositions of Assets; Mergers and Consolidations . . . . .	.62

7.13 Compliance with Laws
.64
7.14 Interest Rate Agreements
.65
7.15 Restricted Payments.
.65
7.16 Guaranties and Pledges
.65

ARTICLE VIII.

CONDITIONS OF BORROWINGS AND LETTER OF CREDIT

ISSUANCES.66

.66	8.1	Each Borrowing and Letter of Credit Issuance
.67	8.2	Initial Borrowing or Letter of Credit Issuance
.70	8.3	Closing

ARTICLE IX.

		EVENTS OF DEFAULT AND REMEDIES
.71	9.1	Events of Default.
.74	9.2	Remedies
.74	9.3	Set Off.

ARTICLE X.

		THE AGENTS AND THE BANKS
.75	10.1	Appointment and Authorization.
.75	10.2	Administrative Agent and Affiliates.
.75	10.3	Scope of Agent's Duties.
.75	10.4	Reliance by Administrative Agent
.76	10.5	Default.
.76	10.6	Liability of Administrative Agent.
.76	10.7	Nonreliance on Administrative Agent and Other Banks.
.77	10.8	Indemnification.
.77	10.9	Resignation of Administrative Agent.
.78	10.10	Sharing of Payments.
.78	10.11	Withholding Tax Exemption.
.79	10.12	The Syndication Agents and Arrangers

ARTICLE XI.

		MISCELLANEOUS.
.79	11.1	Amendments, Etc.
.80	11.2	Notices.
.81	11.3	No Waiver By Conduct; Remedies Cumulative.
.81	11.4	Reliance on and Survival of Various Provisions

11.5	Expenses and Indemnification . . . . .	.81
11.6	Successors and Assigns . . . . .	.83
11.7	Confidentiality. . . . .	.86
11.8	Counterparts; Effectiveness of Telecopied Signatures	.87
11.9	Table of Contents and Headings . . . . .	.87
11.10	Construction of Certain Provisions . . . . .	.87
11.11	Independence of Covenants. . . . .	.87
11.12	Interest Rate Limitation . . . . .	.87
11.13	Substitution of Banks. . . . .	.88
11.14	Governing Law. . . . .	.88
11.15	Integration and Severability . . . . .	.88
11.16	WAIVER OF JURY TRIAL . . . . .	.89
11.17	Alternate Currency Addenda Binding on Each Bank; Provisions Regarding Alternate Currency Agents . . .	.89
11.18	Unification of Certain Currencies. . . . .	.89

SCHEDULES AND EXHIBITS

SCHEDULES

- Schedule 1 - Applicable Margin Chart
- Schedule 2 - Certain Industrial Revenue Bonds (see Section 9.1(e)
of the Credit Agreement)

EXHIBITS

- Exhibit A-1 - Form of Revolving Note
- Exhibit A-2 - Form of Term Note
- Exhibit A-3 - Form of Alternate Currency Syndicated Note
- Exhibit B-1 - Form of Bid-Option Note
- Exhibit B-2 - Form of Swing Line Note
- Exhibit C-1 - Notice of Syndicated Borrowing
- Exhibit C-2 - Notice of Swing Line Borrowing
- Exhibit D - Request for Letter of Credit Issuance
- Exhibit E - Bid-Option Quote Request
- Exhibit F - Invitation for Bid-Option Quotes
- Exhibit G - Bid-Option Quote
- Exhibit H - Notice of Disbursement of Alternate Currency Loan
- Exhibit I - Notice of Receipt of Alternate Currency Loan
Payment
- Exhibit J - Securities Purchase Agreement
- Exhibit K - Assignment and Acceptance
- Exhibit L - Notice of Substitution of Bank(s)

- Exhibit M - Opinion of Counsel for the Borrowers
- Exhibit N - Opinion of Special New York Counsel for the Borrowers
- Exhibit O - Terms of Subordination
- Exhibit P-1 - Form of Alternate Currency Addendum for Pounds Sterling
- Exhibit P-2 - Form of Alternate Currency Addendum for Deutsche Marks
- Exhibit P-3 - Form of Alternate Currency Addendum for Italian Lire
- Exhibit Q - Form of Guaranty
- Exhibit R - Form of Pledge Agreement
- Exhibit S - Form of Assumption Letter
- Exhibit T - Conversion/Continuation Notice

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of January 16, 1998 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), is by and among MASCOTECH, INC., a Delaware corporation (together with its successors, "MascoTech"), MASCOTECH ACQUISITION, INC., a Delaware corporation (together with its successors, "Acquisition"), any Borrowing Subsidiaries which are now or may hereafter become a party hereto from time to time (each individually a "Borrowing Subsidiary" and collectively, the "Borrowing Subsidiaries") (MascoTech, Acquisition and each Borrowing Subsidiary referred to individually as a "Borrower" and collectively as the "Borrowers"), the Banks party hereto from time to time (collectively, the "Banks" and individually, a "Bank"), The First National Bank of Chicago (the "Administrative Agent"), Bank of America NT&SA and NationsBank, N.A. (the "Syndication Agents", and collectively with the Administrative Agent, the "Agents"), and First Chicago Capital Markets, Inc., BancAmerica Robertson Stephens, Inc., and NationsBanc Montgomery Securities, Inc. (each individually an "Arranger" and collectively, the "Arrangers").

RECITALS:

A. MascoTech, the Existing Banks (as hereinafter defined) and the Existing Agent (as hereinafter defined) have entered into the Existing Credit Agreement (as hereinafter defined), pursuant to which the Existing Banks provided to MascoTech a revolving credit facility in the maximum aggregate principal amount of \$575,000,000 (the "Existing Bank Facility").

B. The Borrowers now desire to replace the Existing Bank Facility under the Existing Credit Agreement with a new facility evidenced by this Agreement which shall include a revolving credit facility in an aggregate principal amount the Dollar Equivalent (as hereinafter defined) of which does not exceed \$800,000,000 and a term loan facility in an aggregate principal amount the Dollar Equivalent of which does not exceed \$500,000,000 to provide funds (i) to refinance the Existing Bank Facility, (ii) to finance the purchase of capital stock of TriMas Corporation, a Delaware corporation (the "Target"), acquired pursuant to a tender offer by Acquisition announced December 11, 1997 (the "Tender Offer"), (iii) to finance the merger of the Target with Acquisition (the "Merger") and (iv) to refinance the current credit facilities of the Target.

C. The Banks are willing to provide such a replacement credit facility on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual promises contained herein, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, and in any certificate, report, other agreement or other document made or delivered pursuant to this Agreement, the following terms shall have the following respective meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined unless the context otherwise requires):

"Absolute Rate Dollar Bid-Option Borrowing" means any Borrowing consisting of an Absolute Rate Dollar Bid-Option Loan.

"Absolute Rate Dollar Bid-Option Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Bid-Option Absolute Rate.

"Acquired Debt" means, with respect to any Person who becomes a Subsidiary after the Closing Date, Debt of such Person which was outstanding before such Person became a Subsidiary and which was not created in contemplation of such Person becoming a Subsidiary.

"Additional Bank" shall have the meaning ascribed thereto in Section 11.13(b).

"Adjusted Net Worth" means, as of any date, the sum of (a) Net Worth, plus (b) the amount of all Subordinated Debt which by its terms matures at least thirty days after the then existing Scheduled Expiration Date, plus (c), at any time prior to March 31, 2002, the Available Masco Corporation Funding Commitment, plus (d) (without duplication) the principal amount of any trust convertible debt securities or similar securities issued by MascoTech.

"Affiliate", when used with respect to any Person, means any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Alternate Currency" means (i) so long as such currencies remain Eligible Currencies, Pounds Sterling, Deutsche Marks and Italian Lire, (ii) any other Eligible Currency which MascoTech requests the Administrative Agent to include as an Alternate Currency hereunder and which is acceptable to one-hundred percent (100%) of the applicable Alternate Currency Banks and with respect to which an Alternate Currency Addendum has been executed among MascoTech, one or more Alternate Currency Banks and an Alternate Currency Agent in connection therewith; and, (iii) in the case of Alternate Currency Bid-Option Loans, any currency acceptable to the applicable Bank.

"Alternate Currency Addendum" means an addendum (i) substantially in the form of Exhibit P-1, P-2 or P-3 (ii) or, in the case of any addendum relating to a currency other than Pounds Sterling, Deutsche Marks and Italian Lire, in such form as shall be approved by the Administrative Agent, in each case entered into among MascoTech, one or more Alternate Currency Banks and an Alternate Currency Agent.

"Alternate Currency Agent" means one or more entities (which may be the Administrative Agent or its local affiliates), satisfactory to the Administrative Agent, as specified in the applicable Alternate Currency Addendum.

"Alternate Currency Bank" means any Bank (or any Affiliate, branch or agency thereof) party to an Alternate Currency Addendum. If any agency or Affiliate of a Bank shall be a party to an Alternate Currency Addendum, such agency or Affiliate shall, to the extent of any commitment extended and any Loans made by it, have all the rights of such Bank hereunder; provided, however, that such Bank shall to the exclusion of such agency or Affiliate, continue to have all the voting rights vested in it by the terms hereof.

"Alternate Currency Bid-Option Borrowing" means any Borrowing consisting of an Alternate Currency Bid-Option Loan.

"Alternate Currency Bid-Option Loan" means a Bid-Option Loan made in an Alternate Currency.

"Alternate Currency Bid-Option Percentage" means, with respect to any Bank and any Alternate Currency Bid-Option Borrowing, the percentage of the aggregate outstanding principal amount of all the Alternate Currency Bid-Option Loans comprising such Borrowing represented by the outstanding principal amount of the Alternate Currency Bid-Option Loan made by such Bank as part of such Borrowing.

"Alternate Currency Borrowing" means any Borrowing consisting of a Loan made in an Alternate Currency.

"Alternate Currency Commitment" means, for each Alternate Currency Bank for each Alternate Currency, the obligation of such Alternate Currency Bank to make Alternate Currency Syndicated Loans not exceeding the Dollar Equivalent set forth in the applicable Alternate Currency Addendum, as such amount may be modified from time to time pursuant to the terms of this Agreement and the applicable Alternate Currency Addendum.

"Alternate Currency Loan" means an Alternate Currency Bid-Option Loan or an Alternate Currency Syndicated Loan.

"Alternate Currency Share" means, with respect to any Alternate Currency Bank for any particular Alternate Currency, the percentage obtained by dividing (A) such Alternate Currency Bank's

3

11

Alternate Currency Commitment at such time as set forth in the applicable Alternate Currency Addendum by (B) the aggregate of the Alternate Currency Commitments at such time of all Alternate Currency Banks with respect to such Alternate Currency as set forth in the applicable Alternate Currency Addendum.

"Alternate Currency Syndicated Interest Period" means, with respect to any Alternate Currency Syndicated Loan, the Interest Period as set forth on the applicable Alternate Currency Addendum.

"Alternate Currency Syndicated Loan" means any Loan denominated in an Alternate Currency made by one or more of the Alternate Currency Banks to a Borrower pursuant to Section 3.6 and an Alternate Currency Addendum.

"Alternate Currency Syndicated Note" means a promissory note of any Borrower, substantially in the form of Exhibit A-3 attached hereto, evidencing the obligation of such Borrower to repay Alternate Currency Syndicated Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Applicable Facility Fee Rate" means, with respect to any Application Period for Facility Fees, the percentage found in the applicable chart set forth on Schedule 1 attached hereto by reading down the column of Leverage Ratio ranges to the row for the range into which the Leverage Ratio as of the relevant Determination Date falls. For the period from the Closing Date to but excluding the date that occurs three months after the Closing Date, the Applicable Facility Fee Rate shall be 0.25% per annum, and for the period from and including the date that occurs three months after the Closing Date to but excluding the date that occurs six months after the Closing Date, the Applicable Facility Fee Rate shall not be less than 0.225% per annum.

"Applicable Lending Office" means, as to any Bank, its Domestic Lending Office, Eurodollar Lending Office or any other office of such Bank or of any Affiliate of such Bank selected and notified to the Borrowers and the Administrative Agent as the applicable lending office for a particular Loan or type of Loan by such Bank; provided that the Borrowers shall not be responsible for the increase, if any, in costs hereunder that (a) are due to any Bank changing its Applicable Lending Office with respect to a particular Loan or type of Loan and (b) arise because of circumstances existing at the time of such change.

"Applicable Margin" means, with respect to any Application Period for Eurodollar Rate Syndicated Loans, Facility Fees and Letters of Credit, the percentage found in the applicable chart set forth on Schedule 1 attached hereto by reading down the column of Leverage Ratio ranges to the row for the range into which the Leverage Ratio as of the relevant Determination Date falls. For the purpose of this definition of the term "Applicable Margin", the Leverage Ratio shall be calculated as prescribed in Section 7.6. For purposes of this definition of the term "Applicable Margin", (a) the term "Application Period" means a period commencing with and including the 60th day after the end of the most recently completed fiscal quarter of the Borrowers to and including the 59th day after the end of the next following fiscal quarter of the Borrowers, (b) the term "Determination Date" means, with

respect to any Application Period, the last day of the Determination Period for such Application Period, (c) the term "Determination Period" means, with respect to any Application Period, the period of four consecutive fiscal quarters of the Borrowers ending with the fiscal quarter ending immediately preceding such Application Period, and (d) any change in the Applicable Margin during any Interest Period for any Syndicated Loan or applicable to any Letter of Credit shall be effective as to such Syndicated Loan or such Letter of Credit, as the case may be, upon such change in the Applicable Margin taking effect pursuant to this definition. For the period from the Closing Date to but excluding the date that occurs three months after the Closing Date, the Applicable Margin shall be 0.875% per annum and for the period from and including the date that occurs three months after the Closing Date to but excluding the date that occurs six months after the Closing Date, the Applicable Margin shall not be less than 0.775% per annum.

"Application Period" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Approximate Equivalent Amount" of any currency with respect to any amount of Dollars shall mean the equivalent amount of such currency with respect to such amount of Dollars calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such other Alternate Currency at 11:00 a.m. (London time) two Business Days prior to the date of determination for purposes of this Agreement (i) if such currency is Pounds Sterling, Deutsche Marks or Italian Lire, rounded up to the nearest 100,000 of such currency and (ii) if such currency is any other Alternate Currency, rounded up to the nearest amount of such currency as determined by the Administrative Agent from time to time.

"Arrangers" means First Chicago Capital Markets, Inc., BancAmerica Robertson Stephens, Inc. and NationsBanc Montgomery Securities, Inc.

"Asset Sale" means, with respect to any Person, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a sale-leaseback transaction and including the sale or other transfer of any of the Equity Interests of any Subsidiary of such Person); provided that (i) a sale, lease, conveyance, disposition or other transfer between or among MascoTech and any of its Consolidated Subsidiaries shall not constitute an Asset Sale and (ii) any sale or other disposition of any Cash or Cash Equivalents or any Marketable Securities shall not be construed as an Asset Sale; and provided further that a sale of "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System), to the extent that the value of such margin stock would exceed 25% of the value of the assets of MascoTech and its Subsidiaries, shall not constitute an Asset Sale.

"Assignment and Acceptance" is defined in Section 11.6(d).

"Assumption Letter" means a letter agreement of a Subsidiary of MascoTech addressed to the Banks substantially in the form of Exhibit S hereto pursuant to which such Subsidiary agrees to become a "Borrowing Subsidiary" and agrees to be bound by the terms hereof.

"Authorized Officer" means any of the chief executive officer, chief financial officer, treasurer, controller, secretary, assistant treasurer or vice president corporate counsel of MascoTech, acting singly.

"Available Masco Corporation Funding Commitment" means, as of any date, any unused and available amount of the "Commitment" of Masco Corporation under, and as defined in, the Securities Purchase Agreement, provided that such amount for purposes of this definition shall not exceed \$200,000,000, provided that such "Commitment" relates only to the purchase by Masco Corporation of equity securities of MascoTech or of Subordinated Debt of MascoTech.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA that is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by a Borrower or any ERISA Affiliate of a Borrower.

"Bid-Option Absolute Rate" means, with respect to any Absolute Rate Dollar Bid-Option Loan or Alternate Currency Bid-Option Loan, the Bid-Option Absolute Rate, as defined in Section 3.4(d)(ii)(D), that is offered for such Loan.

"Bid-Option Auction" means a solicitation of Bid-Option Quotes setting forth Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, pursuant to Section 3.4(b).

"Bid-Option Eurodollar Rate" means the sum of (a) the Bid-Option Eurodollar Rate Margin plus (b) the Eurodollar Base Rate.

"Bid-Option Eurodollar Rate Margin" means, with respect to any Eurodollar Rate Bid-Option Loan, the Bid-Option Eurodollar Rate Margin, as defined in Section 3.4(d)(ii)(E), that is offered for such Loan.

"Bid-Option Interest Period" means (a) with respect to each Eurodollar Rate Bid-Option Borrowing, the Eurodollar Rate Interest Period applicable thereto, and (b) with respect to each Absolute Rate Dollar Bid-Option Borrowing and Alternate Currency Bid-Option Borrowing, the period commencing on the date of such Borrowing and ending on the date elected by the applicable Borrower in the applicable Notice of Borrowing, which date shall be not less than 15 and not more than 360 days after the date of such Borrowing; provided that:

(i) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day; and

(ii) no such Interest Period that would end after the Scheduled Expiration Date shall be permitted.

6

14

"Bid-Option Loan" means a Loan which is made by a Bank pursuant to a Bid-Option Auction.

"Bid-Option Note" means a promissory note of a Borrower in substantially the form of Exhibit B-1 hereto evidencing the obligation of such Borrower to repay Bid-Option Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Bid-Option Quote" means an offer by a Bank to make a Bid-Option Loan in accordance with Section 3.4(d).

"Bid-Option Quote Request" shall have the meaning ascribed thereto in Section 3.4(b).

"Borrower" means, as applicable, MascoTech, Acquisition and their respective successors and assigns and any Borrowing Subsidiary.

"Borrowing" means a borrowing hereunder consisting of Loans made to a Borrower on a single date, of a single Type and currency and for a single Interest Period.

"Borrowing Subsidiary" means any Borrowing Subsidiary duly designated by MascoTech pursuant to Section 3.12 hereof to request Loans hereunder, provided at least 95% of the Capital Stock of such Subsidiary is owned directly or indirectly by MascoTech and such Subsidiary shall have delivered to the Administrative Agent an Assumption Letter in accordance with Section 3.12 and such other documents, instruments and agreements as may be required pursuant to the terms of this Agreement.

"Business Day" means any day on which commercial banks are open for domestic and international business (including dealings in Dollar deposits) in New York City and Chicago, Illinois and, with respect to Eurodollar Rate Loans and the related Interest Periods, in London, and with respect only to Alternate Currency Loans and the related Interest Periods, on which dealings in deposits in the relevant Alternate Currency are carried out in the relevant interbank market and in the principal financial center of the country issuing the relevant Alternate Currency.

"Capital Expenditures" means, for any period, the aggregate amount of capital expenditures of MascoTech and its Consolidated Subsidiaries during such period, determined on a consolidated basis in accordance with generally accepted accounting principles.

"Capital Lease" of any Person means any lease which, in accordance with generally accepted accounting principles, is required to be capitalized on the books of such Person.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock and (iii) in the case of a partnership, partnership interests (whether general or limited).

"Cash and Cash Equivalents" means (a) all cash of MascoTech and its Consolidated Subsidiaries on hand or on deposit, plus (b) cash equivalents as determined in accordance with generally accepted accounting principles, plus (c) all investments of MascoTech and its Consolidated Subsidiaries of the following generally accepted accounting principles: (i) commercial paper of any United States issuer having a rating of A1 or better by Moody's Investors Service, Inc. or P1 or better by Standard & Poor's Ratings Group, (ii) direct obligations of, and obligations fully guaranteed by, the United States of America, and (iii) certificates of deposit of (A) any commercial bank which is a member of the Federal Reserve System and which has capital, surplus and undivided profits (as shown on its most recently published statement of condition) aggregating not less than \$100,000,000 or (B) any Bank, provided that each of the foregoing investments has a maturity date not later than 180 days after the date of acquisition thereof by MascoTech or any of its Consolidated Subsidiaries.

"Closing Date" means the first day on which the initial Borrowing under this Agreement shall have occurred.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder.

"Commitment" means, with respect to each Bank, its Revolving Credit Commitment and its Term Loan Commitment.

"Consolidated" or "consolidated" refers to the consolidation of the accounts of a Person and its Subsidiaries in accordance with generally accepted accounting principles.

"Consolidated Subsidiary" of any corporation means any Subsidiary which would be consolidated on the consolidated balance sheet of such corporation in accordance with generally accepted accounting principles.

"Corporate Base Rate" means a rate per annum equal to the corporate base rate of interest announced by The First National Bank of Chicago from time to time, changing when and as said corporate base rate changes.

"Current Assets" means, at any time, the current assets of MascoTech and its Consolidated Subsidiaries, determined as to amount and classification on a consolidated basis in accordance with generally accepted accounting principles.

"Debt" means (a) indebtedness for money borrowed; (b) the capitalized portion of lease rentals under Capital Leases; (c) other indebtedness incurred in connection with the acquisition of any real or personal property, stock, debt or other assets (to the extent that any of the foregoing acquisition indebtedness is represented by any notes, bonds, debentures or similar evidences of indebtedness); and (d) obligations in respect of obligations or indebtedness of others of the types referred to in each of the foregoing clauses (a)-(c), for the payment of which MascoTech or any Consolidated Subsidiary is

directly or contingently liable, or which is secured by any property of MascoTech or any Consolidated Subsidiary (whether or not MascoTech or any such Consolidated Subsidiary is liable therefor); provided, however, any trust convertible debt securities or similar securities issued by MascoTech shall not be deemed to be Debt to the extent such securities are not treated as debt of MascoTech in accordance with generally accepted accounting principles.

"Debt Securities" means any securities (as defined under the Securities Act of 1933, as amended) evidencing Debt.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Determination Date" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Determination Period" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Deutsche Marks" or "DM" means the lawful money of the Republic of Germany.

"Dollar Bid-Option Borrowing" means any Borrowing consisting of a Dollar Bid-Option Loan.

"Dollar Bid-Option Loan" means a Bid-Option Loan made in Dollars.

"Dollar Bid-Option Percentage" means, with respect to any Bank and any Dollar Bid-Option Borrowing, the percentage of the aggregate outstanding principal amount of all the Dollar Bid-Option Loans comprising such Borrowing represented by the outstanding principal amount of the Dollar Bid-Option Loan made by such Bank as part of such Borrowing.

"Dollar Equivalent" means, as of any date, (a) with respect to any amount of Dollars, the amount thereof, and (b) with respect to any amount of any Alternate Currency, the amount of Dollars that could be purchased with such amount of such Alternate Currency at the spot rate of exchange quoted by the Administrative Agent at approximately 10:00 a.m. (Chicago time) on such date or such number of Business Days before such date as may reasonably be deemed necessary by the Administrative Agent for purposes of this Agreement.

"Dollars" and "\$" shall mean the lawful money of the United States.

"Domestic Lending Office" means, as to any Bank, its office identified on the signature pages hereof as its Domestic Lending Office or such other office as such Bank may hereafter designate as its Domestic Lending Office.

"Domestic Subsidiary" means a Subsidiary that is incorporated under the laws of the United States of America or any State thereof.

"EBITDA" means, for any rolling four fiscal quarter period, on a consolidated basis for MascoTech and its Consolidated Subsidiaries, the sum of the amounts for such period, without duplication, of (i) Net Income for such period, plus (ii) Interest Charges for such period, plus (iii) charges against income for taxes (including the Michigan Single Business Tax) to the extent deducted in computing Net Income during such period, plus (iv) depreciation expense to the extent deducted in computing Net Income during such period, plus (v) amortization expense, including without limitation, amortization of goodwill and other intangible assets, and fees, costs and expenses in connection with the Tender Offer and the Merger to the extent deducted in computing Net Income during such period, plus (vi) other non-cash charges (excluding any non-cash charges that require an accrual or reserve for cash charges for any future period, other than accruals for future retiree medical obligations, made pursuant to SFAS No. 87, No. 112 and No. 106, as amended or modified) to the extent deducted in computing Net Income during such period, minus (vii) extraordinary gains to the extent they are non-cash items and to the extent included in computing Net Income during such period, plus (viii) extraordinary losses to the extent they are non-cash items and to the extent deducted in computing Net Income during such period; minus (ix) if EBITDA Certain Items is positive, (a) zero, if EBITDA Certain Items is less than or equal to \$30,000,000 and (b) the amount by which EBITDA Certain Items exceeds \$30,000,000; plus (x) if EBITDA Certain Items is negative, the lesser of (a) the absolute value of EBITDA Certain Items and (b) \$30,000,000; provided further that in the event MascoTech or any of its Consolidated Subsidiaries acquires any corporation or business, EBITDA shall be calculated on a pro forma basis (which, to the extent deemed reasonable to the Administrative Agent, may include as pro forma adjustments, reasonable eliminations of excess compensation (including salaries) and other adjustments that are attributable to the change in ownership or management of the corporation or business) as if MascoTech or such Subsidiary had owned the acquired corporation or business for the four fiscal quarters preceding its acquisition.

"EBITDA Certain Items" is the sum (which may be positive or negative) of (a) non-recurring and (without duplication) extraordinary gains to the extent they are cash items and to the extent included in computing Net Income during such period, plus (b) non-cash earnings from equity investments to the extent included in computing Net Income during such period, minus (c) non-recurring and (without duplication) extraordinary losses to the extent they are cash items and to the extent included in computing Net Income during such period, minus (d) non-cash losses from equity investments to the extent included in computing Net Income during such period.

"Eligible Currency" means any currency other than Dollars that is readily available, freely traded, in which deposits are customarily offered to banks in the London interbank market, convertible into Dollars in the international interbank market and as to which the Dollar Equivalent may be readily calculated. If, (i) after the designation by the Administrative Agent of any currency as an Alternate Currency, currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (ii) such country's currency is, in the determination of the Administrative Agent, no longer readily available or

10

18

freely traded, or (iii) in the determination of the Administrative Agent, a Dollar Equivalent for such country's currency is not readily calculable, then the Administrative Agent shall promptly notify the Alternate Currency Agent and MascoTech, and such country's currency shall no longer be an Alternate Currency until such time as the Administrative Agent agrees to reinstate such country's currency as an Alternate Currency and promptly, but in any event within five

(5) Business Days of receipt of such notice from the Administrative Agent, the Borrowers with respect to such Alternate Currency shall repay all Loans in such affected currency or convert such Loans into Loans in Dollars or an Alternate Currency, as applicable, subject to the other terms contained in Articles III and IV.

"Environmental Laws" means any and all applicable United States federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations thereunder.

"ERISA Affiliate" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any Borrower, are treated as a single employer under Section 414(b), (c) or (m), or the regulations prescribed under Section 414(o), of the Code.

"Euro" means the lawful currency adopted by the European Economic Community.

"Eurodollar Base Rate" applicable to any Eurodollar Rate Interest Period means the per annum rate obtained by dividing (a) the per annum rate of interest at which deposits in Dollars for such Interest Period and in an aggregate amount comparable to (i) in the case of Eurodollar Rate Syndicated Loans, the amount of the related Eurodollar Rate Syndicated Loans to be made by the Eurodollar Reference Banks in their capacity as Banks hereunder, and (ii) in the case of Eurodollar Rate Bid-Option Loans, the aggregate amount of the Eurodollar Rate Bid-Option Borrowing set forth in the related Bid-Option Quote Request, are offered to the Eurodollar Reference Banks by other prime banks in the London or Nassau interbank market, selected in the Eurodollar Reference Banks' discretion, at approximately 11:00 a.m. London or Nassau time, as the case may be, on the second Business Day prior to the first day of such Eurodollar Rate Interest Period, by (b) an amount equal to

one minus the stated maximum rate (expressed as a decimal) of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) that is specified on the first day of such Eurodollar Rate Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement with respect to Eurodollar funding (currently referred to as "Eurodollar liabilities" in Regulation D of such Board) maintained by a member bank of such System; all as conclusively determined, absent manifest error, by the Administrative Agent.

"Eurodollar Borrowing" means any Borrowing consisting of a Eurodollar Rate Loan.

"Eurodollar Lending Office" means, as to any Bank, its office identified on the signature pages hereof as its Eurodollar Lending Office or such other branch (or Affiliate) of such Bank as such Bank may hereafter designate as its Eurodollar Lending Office.

"Eurodollar Rate Bid-Option Borrowing" means any Borrowing consisting of a Eurodollar Rate Bid-Option Loan.

"Eurodollar Rate Bid-Option Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Bid-Option Eurodollar Rate.

"Eurodollar Rate Interest Period" means, with respect to each Eurodollar Rate Syndicated Loan, the period commencing on the date of such Eurodollar Rate Syndicated Loan and ending one month, two months, three months, four months, five months or six months thereafter, or twelve months if such proposed twelve-month Eurodollar Rate Interest Period is specifically agreed to by all Banks, and with respect to each Eurodollar Rate Bid-Option Loan, the period commencing on the date of such Eurodollar Rate Bid-Option Loan and ending on a date between fifteen days and twelve months thereafter, as a Borrower may request in the applicable Notice of Borrowing; provided that:

- (a) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month in which case such Interest Period shall end on the next preceding Business Day;
- (b) unless such Interest Period is for less than one month, any such Interest Period that begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month during which such Eurodollar Interest Period is to end shall end on the last Business Day of such calendar month; and
- (c) no such Interest Period that would end after the Scheduled Expiration Date shall be permitted.

"Eurodollar Rate" means with respect to a Eurodollar Rate Loan for the relevant Interest

12

20

Period, the Eurodollar Base Rate applicable to such Interest Period plus the then Applicable Margin.

"Eurodollar Rate Loan" means any Eurodollar Rate Bid-Option Loan or Eurodollar Rate Syndicated Loan.

"Eurodollar Rate Syndicated Loan" means a Syndicated Loan which bears interest at the Eurodollar Rate.

"Eurodollar Rate Syndicated Revolving Loan" means a Syndicated Revolving Loan which bears interest at the Eurodollar Rate.

"Eurodollar Reference Bank" means the principal London office of each of The First National Bank of Chicago, Bank of America NT&SA and NationsBank, N.A., or such other Eurodollar Reference Banks as may be appointed pursuant to Section 11.6.

"Events of Default" has the meaning ascribed thereto in Section 9.1.

"Excess Cash Flow" means, for any period, (i) Net Income for such period minus (ii) scheduled amortization payments of the principal portion of all Debt (excluding the installment due January 31, 2002) with an original maturity in excess of one year during such period minus (iii) the aggregate amount of all dividends in respect of any preferred stock of MascoTech and its Consolidated Subsidiaries up to an amount not to exceed \$15,000,000 in any four fiscal quarter period. Excess Cash Flow shall be calculated on a quarterly basis on each Determination Date.

"Existing Agent" means NBD Bank, a Michigan banking corporation, formerly known as NBD Bank, N.A., in its capacity as agent for the Existing Banks.

"Existing Banks" means the banks that are parties to the Existing Credit Agreement.

"Existing Bid-Option Loans" means the "Bid-Option Loans" (as defined in the Existing Credit Agreement) outstanding on the Closing Date.

"Existing Commitment" means, with respect to each Bank, the amount, if any, of such Bank's "Commitment" (as defined in the Existing Credit Agreement) immediately prior to the Closing Date.

"Existing Credit Agreement" means the Credit Agreement dated as of February 28, 1997, among MascoTech, the Existing Banks and the Existing Agent, as amended, supplemented or otherwise modified, and as in force immediately prior to the Closing Date.

"Existing Debt" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Existing Notes" means the "Notes" (as defined in the Existing Credit Agreement) held by the

13

21

Existing Banks under the Existing Credit Agreement.

"Facility Fees" means the facility fees payable pursuant to Section 3.9(a).

"Federal Funds Rate" means, as of any day, the per annum rate that is equal to the average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published by the Federal Reserve Bank of New York for such day (or, in the case of any day on which the federal funds market is not open, for the immediately preceding day on which it was open), or, if such rate is not so published for any day (or, in the case of any day on which the federal funds market is not open, for the immediately preceding day on which it was open), the average of the quotations for such rates received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent in its discretion; all as conclusively determined, absent manifest error, by the Administrative Agent, such average to be rounded up, if necessary, to the nearest whole multiple of one-hundredth of one percent (1/100 of 1%); which Federal Funds Rate shall change simultaneously with any change in such published or quoted rates.

"Financing" means, with respect to any Person, the issuance or sale by such Person of any Equity Interests of such Person or any Debt Securities of such Person other than (i) any Equity Interests or Debt Securities issued to MascoTech or any of its Subsidiaries, (ii) any Equity Securities issued in connection with any employee stock option, employee stock award or any related benefit plan, (iii) any Debt Securities issued by any Subsidiary to the extent permitted under Section 7.7 and (iv) any Debt Securities secured by a Lien permitted pursuant to Section 7.8(c) or (f).

"Fixed Charge Coverage Ratio" has the meaning ascribed thereto in Section 7.5.

"Fixed Rate Loan" means any Eurodollar Rate Syndicated Loan, Alternate Currency Syndicated Loan or Bid-Option Loan.

"Floating Rate" means, with respect to any Floating Rate Loan, the greater of (a) the Corporate Base Rate and (b) the per annum rate equal to the sum of (i) one-half percent (1/2%) plus (ii) the Federal Funds Rate; which Floating Rate shall change simultaneously with any change in such Corporate Base or Federal Funds Rate, as the case may be.

"Floating Rate Borrowing" means any Borrowing consisting of a Floating Rate Loan.

"Floating Rate Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Floating Rate.

"Floating Rate Revolving Loan" means a Revolving Loan which bears interest at the Floating Rate.

"Floating Rate Syndicated Loan" means a Syndicated Loan which bears interest at the Floating

14

22

Rate.

"Indemnified Person" shall have the meaning ascribed thereto in Section 11.5(a) hereto.

"Interest Charges" means, for any period, the sum of interest that is expensed (or, under generally accepted accounting principles, would be expensed) during such period by MascoTech and its Consolidated Subsidiaries on Debt of MascoTech and its Consolidated Subsidiaries, including any interest expense in connection with any trust convertible debt securities issued by MascoTech to the extent it is treated as interest expense in accordance with generally accepted accounting principles.

"Interest Payment Date" means, with respect to each Floating Rate Loan, the last Business Day of each month, with respect to each Swing Line Loan, the date such Loan is repaid, and with respect to each other Loan, the last day of each Interest Period with respect to such Loan and, in the case of any Interest Period exceeding (a) with respect to Eurodollar Rate Loans and the Alternate Currency Syndicated Loans, three months or (b) with respect to Absolute Rate Dollar Bid-Option Loans, ninety days, those days that occur during such Interest Period at intervals of three months and ninety days, respectively, after the first day of such Interest Period.

"Interest Period" means any Eurodollar Rate Interest Period, Bid-Option Interest Period or Alternate Currency Syndicated Interest Period; provided, however, notwithstanding anything in this Agreement to the contrary for the period from the Closing Date to the earlier of (x) the date that is 90 days after the Closing Date and (y) the date 30 days after the date upon which the Arrangers confirm that the loan syndication process has been complete but not later than March 15, 1998 (the "Syndication Period"), "Interest Period" means, with respect to a Eurodollar Rate Loan (except as the Administrative Agent otherwise approves), a period of seven (7) or fourteen (14) days.

"Invitation for Bid-Option Quotes" means an Invitation for Bid-Option Quotes in the form referred to in Section 3.4(c).

"Italian Lire" means the lawful money of Italy.

"Letter of Credit" shall mean a standby letter of credit issued for the account of MascoTech or any of its Consolidated Subsidiaries pursuant to this Agreement.

"Letter of Credit Documents" shall have the meaning ascribed thereto in Section 3.3(f).

"Letter of Credit Issuance" shall mean any issuance by the Administrative Agent of a Letter of Credit pursuant to Section 3.3.

"Letter of Credit Obligations Amount" means, as of any date, the amount equal to the sum of (a) the maximum aggregate amount available to be drawn under all outstanding Letters of Credit at any time on or before the stated expiry date thereof, plus (b) the amount of any draws under all Letters of Credit that have not been reimbursed as provided in Section 3.3(e).

15

23

"Leverage Ratio" has the meaning ascribed thereto in Section 7.6.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, security interest or similar encumbrance in respect of such asset; provided that a subordination agreement shall not be deemed to create a Lien. For the purposes of this Agreement, MascoTech or any Consolidated Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other similar title retention agreement relating to such asset.

"Loan" means any (a) Swing Line Loan or (b) Term Loan or (c) Revolving Loan or (d) Bid-Option Loan or (e) Alternate Currency Loan.

"Marketable Securities" means any securities which are marketable securities included in current assets in accordance with generally accepted accounting principles and any future or forward contracts related thereto.

"Masco Corporation" means Masco Corporation, a Delaware corporation.

"Masco Group" means Masco Corporation or any Person who, on the date hereof, is an Affiliate of Masco Corporation or who hereafter becomes an Affiliate controlled by Masco Corporation.

"Material Adverse Change" means any event, occurrence, development or state of circumstances or facts which has had or has a reasonable probability of having, individually or in the aggregate, a material adverse effect on MascoTech and its Consolidated Subsidiaries (including the Target and its Consolidated Subsidiaries, to the extent the Target is owned by MascoTech or Acquisition, which, with respect to the funding to purchase the shares of the Target acquired pursuant to the Tender Offer, would take into effect the shares to be purchased) taken as a whole.

"Merger" means the merger of the Target and Acquisition pursuant to the Merger Agreement.

"Merger Agreement" means that certain Agreement and Plan of Merger dated as of December 10, 1997, as amended by Amendment No. 1 dated as of December 15, 1997 and Amendment No. 2 dated as of January 13, 1998, among Target, MascoTech and Acquisition.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto. Any rating or change in rating given by Moody's shall be deemed effective, and in effect, when publicly announced by Moody's.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which a Borrower or any ERISA Affiliate is then making, or, pursuant to an applicable collective bargaining agreement, accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person

16

24

which ceased to be an ERISA Affiliate during such five-year period.

"Net Cash Proceeds" means, with respect to any Asset Sale or any Financing by any Person, (a) cash (freely convertible into Dollars) received by such Person or any Subsidiary of such Person from such Asset Sale or such Financing (or, in the case of a Receivables Sale, the Receivables Sale Amount with respect to such Receivables Sale), after (i) provision for all income or other taxes measured by or resulting from such Asset Sale, (ii) payment of all brokerage commissions and other fees and expenses related to such Asset Sale or such Financing, and (iii) all amounts used to repay Debt secured by a Lien on any asset disposed of in such Asset Sale or which is or may be required (by the express terms of the instrument governing such Debt) to be repaid in connection with such Asset Sale (including payments made to obtain or avoid the need for the consent of any holder of such Debt); and (b) cash payments in respect of any other consideration received by such Person or any Subsidiary of such Person from such Asset Sale upon receipt of such cash payments by such Person or such Subsidiary.

"Net Income" means, for any period, the consolidated net income of MascoTech and its Consolidated Subsidiaries (after deduction for income and other taxes of MascoTech and its Consolidated Subsidiaries determined by reference to income or profits of MascoTech and its Consolidated Subsidiaries) for such period, all as determined in accordance with generally accepted accounting principles.

"Net Worth" means, as of any date, (a) the amount of total shareholders' equity of MascoTech and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with generally accepted accounting principles, minus (or, if the amount determined pursuant to the following clause (b) is negative, plus the absolute amount thereof) (b) to the extent included in total shareholders' equity the amount of the foreign currency translation adjustment account, plus (c) the amount of the foreign currency translation adjustment account shown on the consolidated balance sheet of MascoTech and its Consolidated Subsidiaries dated September 30, 1997, which amount is \$4,520,000.

"New Debt" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Note" means any Revolving Note, Term Loan Note, Bid-Option Note or Swing Line Note or any note issued to evidence the Alternate Currency Loans.

"Notice of Bid-Option Borrowing" shall have the meaning ascribed thereto in Section 3.4(f).

"Notice of Borrowing" means any Notice of Syndicated Borrowing or Notice of Bid-Option Borrowing or Notice of Swing Line Borrowing.

"Notice of Syndicated Borrowing" shall have the meaning ascribed thereto in Section 3.7(a).

"Overdue Rate" means (a) in respect of the principal of any Loan, the rate per annum that is

17

25

equal to the sum of two percent (2%) per annum plus the per annum rate otherwise applicable to such Loan until the end of the then current Interest Period for such Loan and, thereafter, a rate per annum that is equal to the sum of two percent (2%) per annum plus the Floating Rate; and (b) in respect of other amounts payable by the Borrowers hereunder (other than interest), a per annum rate that is equal to the sum of two percent (2%) per annum plus the Floating Rate.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, corporation, partnership, joint venture, trust, association, limited liability company or unincorporated organization, or a government or any agency or political subdivision thereof.

"Plan" means at any time any employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (a) is maintained, or contributed to, by a Borrower or any ERISA Affiliate for employees of such Borrower or any ERISA Affiliate, or (b) has at any time within the preceding five years been maintained, or contributed to, by a Borrower or any Person which was at such time an ERISA Affiliate for employees of such Borrower or any Person which was at such time an ERISA Affiliate.

"Pounds Sterling" means the lawful money of the United Kingdom.

"Pro Rata Share" means, with respect to any Bank, the percentage obtained by dividing (a) such Bank's Revolving Credit Commitment at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) plus the outstanding balance of such Bank's Term Loans by (b) the aggregate amount of all of the Revolving Credit Commitments at such time plus the outstanding principal balance of all of the Term Loans; provided, however, if all of the Revolving Credit Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means the percentage obtained by dividing (x) the sum of such Bank's Revolving Loans and Term Loans by (y) the aggregate amount of all Revolving Loans and Term Loans.

"Receivables Sale" means any Asset Sale consisting of the sale of accounts or notes receivable and associated assets, other than any such sale in bulk as part of a sale or other disposition of all or substantially all of the assets or stock of any Person or of any principal division or lines of business of any Person.

"Receivables Sale Amount" means in the case of a single sale of receivables, the cash proceeds received by the transferor, and, in the case of a revolving receivables sales facility, the cash proceeds received by the seller representing incremental new funding in excess of any previous level of funding made available under such facility, net of repayments of Debt or repurchases under, or proceeds otherwise required to refinance, any previous receivables sales facility.

18

26

"Reference Bank" means any Eurodollar Reference Bank.

"Refunded" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Refunding Borrowing" means a Borrowing which, after application of the proceeds of such Borrowing, results in no net increase in the Dollar Equivalent of the aggregate outstanding principal amount of the Loans made by any Bank.

"Reimbursement Amount" shall have the meaning ascribed thereto in Section 3.3(e).

"Request for a New Alternate Currency Facility" shall have the meaning ascribed thereto in Section 3.6(b).

"Request for Letter of Credit Issuance" shall have the meaning ascribed thereto in Section 3.3(b).

"Required Banks" means Banks having not less than 51% of the aggregate amount of the Commitments or, if the Commitments have terminated, Banks holding Notes evidencing not less than 51% of the aggregate unpaid principal amount of the Loans.

"Restricted Payment" means, without duplication, (i) any dividend or other distribution on account of any Equity Interest of MascoTech now or hereafter outstanding, (ii) any redemption, retirement, purchase or other acquisition for value of any Equity Interests of MascoTech now or hereafter outstanding, (iii) any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Subordinated Debt or any trust convertible debt securities or similar securities to the extent such securities are not treated as debt of MascoTech in accordance with generally accepted accounting principles, in each case prior to the stated maturity thereof or (iv) an amendment or modification of any term or provision of any instrument or agreement relating to any Subordinated Debt such that it would not constitute Subordinated Debt as defined in this Agreement or would mature or any principal payment thereunder would be due prior to the Termination Date, but in the case of any of the foregoing shall exclude issuances of, or purchases of, Equity Interests, or the payment of dividends, in connection with employee stock option, employee stock award or any related benefit plans.

"Revolving Credit Commitment" means, with respect to each Bank whose commitment has not been terminated pursuant to Section 11.13, the commitment of such Bank to make Revolving Loans pursuant to Section 3.1, to participate in the risk of Letters of Credit pursuant to Section 3.3 and to participate in the risk of the Swing Line Loans pursuant to Section 3.5 and Alternate Currency Loans pursuant to Section 3.6 in an aggregate principal amount the Dollar Equivalent of which does not exceed (a) in the case of each Bank originally a party hereto, the amount set forth opposite the name of such Bank on the signature pages hereof, and (b) in the case of each Bank becoming a party hereto in accordance with Section 11.6(d) or 11.13, the aggregate amount assigned to it, in each case (i) less the aggregate amount, if any, subsequently assigned by it in accordance with Section 11.6(d), (ii) plus the

19

27

aggregate amount, if any, subsequently assigned to it under Section 11.6(d) or 11.13 and (iii) subject to activation pursuant to Section 3.1, and as such amount may be reduced from time to time pursuant to Section 3.10.

"Revolving Credit Commitment Percentage" means, with respect to any Bank, the percent of the aggregate amount of all the Revolving Credit Commitments represented by the amount of such Bank's Revolving Credit Commitment.

"Revolving Loan" means any Loan made pursuant to Section 3.1.

"Revolving Note" means a promissory note of any Borrower substantially in the form of Exhibit A-1 hereto evidencing the obligation of such Borrower to repay Revolving Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"S&P" means Standard & Poor's Ratings Group or any successor thereto. Any rating or change in rating given by S&P shall be deemed effective, and in effect, when publicly announced by S&P.

"Scheduled Expiration Date" means November 15, 2003.

"Securities Purchase Agreement" means the Amended and Restated Securities Purchase Agreement dated as of November 23, 1993, as amended by that certain Amendment No. 1 to Amended and Restated Securities Purchase Agreement made as of October 31, 1996, between MascoTech and Masco Corporation, as in effect on the Closing Date in the form attached hereto as Exhibit J, and as heretofore or hereafter amended, supplemented or otherwise modified from time to time. Nothing in this Agreement shall prohibit MascoTech and Masco Corporation from amending or terminating such Securities Purchase Agreement, provided that at the time of such amendment or termination, and immediately after giving effect thereto, no Default exists or would exist, and, provided, that MascoTech delivers a copy of any such amendment to the Administrative Agent within 30 days of the date of such amendment.

"Securitization Amount" means, as of any date, the aggregate amount of proceeds received by MascoTech or any of its Consolidated Subsidiaries, as the transferor, with respect to any Receivables Sale at such date to the extent the related transferee is entitled at such time to the recovery of such amount out of the proceeds of the assets transferred pursuant thereto.

"Senior Debt" means all Debt of MascoTech and its Consolidated Subsidiaries, determined on a consolidated basis, except Subordinated Debt, provided that, for purposes of this definition, if any Debt ("Existing Debt") is to be Refunded (as hereinafter defined) with the proceeds of other money borrowed ("New Debt"), the Existing Debt to be so Refunded shall be excluded from Senior Debt when the New Debt is incurred. For purposes of this definition, Existing Debt is to be "Refunded" by New Debt if, and to the extent that, (i) no later than five (5) Business Days after the New Debt is

20

28

incurred, MascoTech delivers to the Administrative Agent written notice stating that the purpose of such New Debt is to refund Existing Debt and specifying the Existing Debt to be refunded, (ii) the proceeds of such New Debt are held in the form of Cash and Cash Equivalents (free of any Lien except a Lien securing the specified Existing Debt to be refunded and no other indebtedness or obligations) until such specified Existing Debt is repaid and (iii) such specified Existing Debt is repaid within 45 (forty-five) days after the New Debt is incurred.

"Senior Debt Coverage Ratio" means, at any time from and including the last day of any fiscal quarter of MascoTech to but excluding the last day of the following fiscal quarter of MascoTech, the ratio of (a) Senior Debt as of the end of such fiscal quarter to (b) EBITDA for the immediately preceding four fiscal quarters.

"Significant Subsidiary" means any Subsidiary which is a "significant subsidiary" of MascoTech as defined in Rule 1-02 of Regulation S-X under the Securities Exchange Act of 1934, except that during fiscal year 1998, TriMas Corporation shall be treated as if it were a Subsidiary of MascoTech as of December 31, 1997, determined on a pro forma basis.

"Subordinated Debt" means, without duplication, (a) all Debt now outstanding or hereafter created, issued, guaranteed, incurred or assumed by any of the Borrowers which is subordinated to payment of principal, premium, if any, and interest on the Notes by provisions not less favorable in any material respect to the holders of the Notes than the provisions set forth on Exhibit O; (b) Debt evidenced by MascoTech's 4-1/2% Convertible Subordinated Debentures due 2003, in the original principal amount of \$345,000,000 and (c) Debt hereafter issued pursuant to the Securities Purchase Agreement; provided, however, that any of such Debt shall cease to be "Subordinated Debt" upon and to the extent of the Borrowers' repurchase or redemption of such Debt as permitted hereunder or the Borrowers' transfer, conveyance, assignment or delivery to any trustee, paying agent or other fiduciary for the benefit of the holder(s) of such Debt of any cash, securities or other assets of the Borrowers in payment or on account of, or as provision for, the principal of such Debt; provided further, however, that any of such Debt referred to in clauses (b) and (c) of this definition shall cease to be "Subordinated Debt" upon any amendment or other modification to the Debentures referred to in such clause (b) or any instrument issued pursuant to the Securities Purchase Agreement referred to in clause (c) evidencing such Debt, relating to the subordination thereof, unless, in any such case, the provisions of such Debentures after giving effect to such amendment or modification are not less favorable in any material respect to the holders of the Notes than the provisions set forth on Exhibit O.

"Subsidiary" of any Person means (a) any limited partnership (whether now existing or hereafter organized) of which such Person or another Subsidiary of such Person is the general partner, (b) any general partnership or limited liability company (whether now existing or hereafter organized) of which such Person or one or more of the other Subsidiaries of such Person own at least a majority of the ownership or membership interests and (c) any corporation (whether now existing or hereafter organized or acquired) in which (other than directors' qualifying shares required by law) at least a majority of the securities having ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency), at the time as of which

21

29

any determination is being made, is owned, beneficially and of record, by such Person or by one or more of the other Subsidiaries of such Person or by any combination thereof. Unless the context otherwise requires, references to "Subsidiary" or "Subsidiaries" herein refer to MascoTech's Subsidiaries.

"Substitute Loan" means any Loan made by a Bank pursuant to Section 5.4.

"Swing Line Bank" means The First National Bank of Chicago.

"Swing Line Borrowing" means any Borrowing consisting of a Swing Line Loan.

"Swing Line Commitment" means the obligation of the Swing Line Bank to make Swing Line Loans up to a maximum principal amount of \$25,000,000 at any one time outstanding.

"Swing Line Loan" means a loan made available to any of the Borrowers by the Swing Line Bank pursuant to Section 3.5.

"Swing Line Loan Note" means a Note in substantially the form of Exhibit B-2 hereto duly executed by the applicable Borrowers and payable to the order of the Swing Line Bank in the amount of the Swing Line Commitment.

"Syndicated Loan" means any Revolving Loan or Term Loan.

"Syndicated Revolving Credit Borrowing" means any Borrowing consisting of a Revolving Loan made to a Borrower on a syndicated basis.

"Syndication Period" shall have the meaning ascribed thereto in the definition of the term "Interest Period".

"Synthetic Lease Agreement" shall have the meaning ascribed thereto in the definition of the term "Synthetic Lease Amount".

"Synthetic Lease Amount" means, as of any date, 85% of the aggregate fair market value of all real property subject to an agreement (a "Synthetic Lease Agreement") for the use or possession of such real property by MascoTech or any of its Consolidated Subsidiaries in effect at such date creating obligations which do not appear on the balance sheet of any such Person but which, upon the insolvency of such Person, would be characterized as Debt of such Person (without regard to accounting treatment). For purposes of this definition, the fair market value of each real property subject to a Synthetic Lease Agreement shall be determined at the time of execution of such Synthetic Lease Agreement.

"Term Loan" means a Loan made pursuant to Section 3.2(a).

22

30

"Term Loan Commitment" means, with respect to each Bank whose commitment has not been terminated pursuant to Section 11.13, the commitment of such Bank to make Term Loans pursuant to Section 3.2, in an aggregate principal amount which does not exceed, (a) in the case of each Bank originally a party hereto, the amount set forth opposite the name of such Bank on the signature pages hereof, and (b) in the case of each Bank becoming a party hereto in accordance with Section 11.6(d) or 11.13, the aggregate amount assigned to it, in each case (i) less the aggregate amount, if any, subsequently assigned by it in accordance with Section 11.6(d) and (ii) plus the aggregate amount, if any, subsequently assigned to it under Section 11.6(d) or 11.13.

"Term Note" means a promissory note, in substantially the form of Exhibit A-2 hereto, duly executed by a Borrower and payable to the order of Bank in the amount of its Term Loan Commitment, including any amendment, restatement modification, renewal or replacement of such Term Note.

"Termination Date" means the earlier to occur of (a) the Scheduled Expiration Date and (b) the date on which the Commitments shall be terminated pursuant to Section 3.11 or 9.1.

"Type" means, with respect to any Loan, its nature as a Floating Rate Loan or Eurodollar Rate Loan.

"Unfunded Benefit Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (a) the present value of all vested nonforfeitable benefits under such Plan exceeds (b) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a Borrower or any ERISA Affiliate to the PBGC or any other Person under Title IV of ERISA.

1.2 Accounting Terms. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, on a basis consistent, to the extent required by such principles, with the most recent audited consolidated financial statements of MascoTech and its Consolidated Subsidiaries filed with the Securities and Exchange Commission on Form 10-K and delivered to the Banks prior to the Closing Date; provided that, if MascoTech notifies the Administrative Agent that the Borrowers wish to amend any covenant in Article VII to eliminate the effect of any change in generally accepted accounting principles in the operation of such covenant (or if the Administrative Agent notifies the Borrowers that the Required Banks wish to amend Article VII for such purpose), then the Borrowers' compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrowers and the Required Banks. Without limiting the foregoing, all transfers of receivables shall be recognized as sales, and not as Debts or Liens, if they would be recognized as sales in accordance with generally accepted accounting principles, provided

23

31

that all probable adjustments in connection with the recourse provisions are accrued, all as more specifically described in Statement of Financial Accounting Standards No. 125.

1.3 Other Definitions; Rules of Construction. As used herein, the terms "Acquisition", "Administrative Agent", "Agents", "Bank", "Banks", "Borrowers", "MascoTech", "Syndication Agents", "Target" and "this Agreement" shall have the respective meanings ascribed thereto in the introductory paragraph of this Agreement. Use of the terms "herein", "hereof" and "hereunder" shall be deemed references to this Agreement in its entirety and not solely to the Section or clause in which such term appears. Unless otherwise specified herein, references to "Sections" and "subsections" shall be to Sections and subsections, respectively, of this Agreement.

Except as provided in the definition of Eurodollar Rate Interest Period, if any payment, report, financial statement, notice or other obligation is due hereunder on a day which is not a Business Day, then the due date thereof shall be extended to the next Business Day.

ARTICLE II.

TERMINATION OF EXISTING CREDIT AGREEMENT

Termination. The Borrowers and the Banks acknowledge and agree that, effective as of the initial Borrowing pursuant to Section 8.2(b), the Existing Commitment of each Existing Bank shall hereby be terminated. Each Existing Bank that is a party hereto shall cancel all Existing Notes (other than notes evidencing Existing Bid-Option Loans that the holder thereof has agreed may remain outstanding past the Closing Date) held by it and return them to MascoTech promptly after all amounts payable thereunder have been paid in full. Notwithstanding the foregoing, MascoTech and each of the Banks acknowledge and agree that each Existing Bid-Option Loan made by any of the Banks which has agreed that such Loan may remain outstanding past the Closing Date shall continue with its existing principal amount, interest rate and Interest Period, except that each such Existing Bid-Option Loan shall be deemed a Bid-Option Loan under this Agreement and shall be governed by the provisions of this Agreement.

ARTICLE III.

THE LOANS AND LETTER OF CREDIT ISSUANCES

3.1 Revolving Loans. Each Bank agrees, for itself only, subject to the terms and conditions set forth in this Agreement, to make Revolving Loans in Dollars to any Borrower from time to time from the Closing Date to but excluding the Termination Date; provided that the aggregate outstanding principal amount of such Bank's Revolving Loans shall not at any time exceed the excess of (a) the amount of its Revolving Credit Commitment, over (b) the sum of (i) its Revolving Credit

24

32

Commitment Percentage of the Letter of Credit Obligations Amount plus

(ii) its Revolving Credit Commitment Percentage of the aggregate outstanding principal balance of the Swing Line Loans plus (iii) its Revolving Credit Commitment Percentage of the Dollar Equivalent of the aggregate outstanding principal amount of all Bid-Option Loans made by the Banks (using for purposes of such determination, in the case of any Alternate Currency Loans, the Dollar Equivalent as determined on the last Business Day of the month then most recently ended); provided, however, that at no time shall the aggregate outstanding principal balance of the Revolving Loans, Swing Line Loans, Alternate Currency Loans, Bid-Option Loans and Letter of Credit Obligations exceed \$800,000,000. Each Eurodollar Borrowing shall be in an aggregate principal amount of \$10,000,000 or any larger multiple of \$5,000,000 and each Floating Rate Borrowing shall be in an aggregate principal amount of \$5,000,000 or any larger multiple of \$5,000,000; provided that any such Borrowing may be in the aggregate amount of the unused Revolving Credit Commitments. Each such Borrowing shall be made by the several Banks ratably in accordance with their respective Revolving Credit Commitment Percentages. Within the foregoing limits, each Borrower may borrow Revolving Loans under this Section 3.1, repay such Revolving Loans, prepay such Loans to the extent permitted or required by this Agreement and reborrow under this Section 3.1. Default by any Bank with respect to its obligations hereunder shall not excuse any non-performance by any other Bank, provided that no Bank shall be liable for the non-performance by any other Bank of its obligations hereunder.

3.2 Term Loans.

Subject to the terms and conditions set forth in this Agreement, each Bank on the Closing Date severally and not jointly agrees to make a term loan, in Dollars, to one or more of the Borrowers in an aggregate amount not to exceed such Bank's Term Loan Commitment (each individually, a "Term Loan" and, collectively, the "Term Loans"). All Term Loans shall be made by the Banks on the Closing Date simultaneously and pro rata, it being understood that no Bank shall be responsible for any failure by any other Bank to perform its obligation to make any Term Loan hereunder nor shall the Term Loan Commitment of any Bank be increased or decreased as a result of any such failure.

3.3 Letters of Credit.

(a) Subject to the terms and conditions set forth in this Agreement, the Administrative Agent agrees to issue for the account of and upon the application of any of the Borrowers, and each Bank further agrees for itself only to participate in the risk of, Letters of Credit from time to time from the Closing Date to but excluding the Termination Date; provided that the Letter of Credit Obligations Amount shall not at any time exceed the lesser of

(i) \$150,000,000 and (ii) the excess of (A) the aggregate amount of the Revolving Credit Commitments over (B) the aggregate outstanding principal amount of the Revolving Loans plus the outstanding principal amount of the Swing Line Loans plus the outstanding principal balance of the Bid-Option Loans plus the aggregate outstanding principal amount of the Alternate Currency Syndicated Loans. No Letter of Credit shall have a stated expiry date earlier than 30 days after the date of its issuance, and no Letter of Credit shall have a stated expiry date or, if by its terms it is periodically renewable, be subject to being terminated by the Administrative Agent (unless renewal is permitted by the Administrative Agent in its sole discretion, in which case the Administrative Agent will not permit renewal to a date beyond that

25

33

determined in accordance with the following portion of this sentence), later than the earlier of (i) the one year anniversary of its issuance (or, if renewable and renewal has been permitted, the one year anniversary of its last renewal) and (ii) the fifth Business Day before the Scheduled Expiration Date. Each Letter of Credit shall be in a minimum amount of \$1,000,000 or as otherwise agreed to by the Administrative Agent. Subject to the terms and conditions set forth in this Agreement, the Administrative Agent shall, on the date any Letter of Credit is requested to be issued, issue the related Letter of Credit for the pro rata risk of the Banks. Notwithstanding anything herein to the contrary, the Administrative Agent may decline to issue any Letter of Credit if the beneficiary or the conditions of drawing are reasonably unacceptable to the Administrative Agent, or if the purpose of issuance is illegal or is in contravention of any law, rule, regulation or public policy or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority.

(b) The applicable Borrower shall give the Administrative Agent written notice in substantially the form attached hereto as Exhibit D (a "Request for Letter of Credit Issuance") not later than 10:00 a.m. (Detroit time) on the fifth Business Day before each requested Letter of Credit Issuance or such later time as is acceptable to the Administrative Agent.

(c) The applicable Borrower agrees (i) to pay to the Administrative Agent for the account of the Banks a fee computed at the per annum rate equal to the Applicable Margin for Letters of Credit based on the maximum amount available to be drawn from time to time under the related Letter of Credit for the period from and including the date of such Letter of Credit Issuance to but excluding the stated expiry date of such Letter of Credit, and

(ii) to pay an additional fee to the Administrative Agent for its own account computed at the rate of one-eighth of one percent (1/8 of 1%) per annum of such maximum amount for such period, such fees with respect to any Letter of Credit to be paid quarterly in arrears, in each case with respect to each calendar quarter or portion thereof not later than the tenth day after the end of each March, June, September and December, commencing with the first such calendar quarter-end after the Closing Date, and on the Termination Date, based upon the Applicable Margin for Letters of Credit in effect from time to time during such period. The applicable Borrower further agrees to pay to the Administrative Agent, on demand, such other customary administrative fees, charges and expenses of the Administrative Agent in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(d) Nothing in this Agreement shall be construed to require or authorize any Bank to issue any Letter of Credit, it being recognized that the Administrative Agent has the sole obligation under this Agreement to issue Letters of Credit for the risk of the Banks. Upon each Letter of Credit Issuance, each Bank shall automatically acquire a pro rata risk participation interest in the related Letter of Credit based on its respective Revolving Credit Commitment Percentage. If the Administrative Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Administrative Agent shall provide notice thereof to each Bank on the date such draft or demand is honored unless the applicable Borrower shall have satisfied its reimbursement obligation under subsection (e) of this Section 3.3 by payment to the Administrative Agent on such date. Each Bank,

26

34

on such date, shall make an amount equal to its Revolving Credit Commitment Percentage of the amount paid by the Administrative Agent available in immediately available funds at the principal office of the Administrative Agent for the account of the Administrative Agent. If and to the extent such Bank shall not have made such amount available to the Administrative Agent, such Bank and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such amount, together with interest thereon for each day from the date such amount was paid by the Administrative Agent until such amount is so made available to the Administrative Agent at (i) in the case of such Bank, the Federal Funds Rate and (ii) in the case of the applicable Borrower, the per annum rate equal to the interest rate applicable during such period to the related Borrowing deemed (or that could have been deemed) disbursed under subsection (e) of this Section 3.3 in respect of the reimbursement obligation of the applicable Borrower. If such Bank shall pay such amount to the Administrative Agent together with such interest, if any, accrued, such amount so paid shall constitute a Revolving Loan by such Bank as part of the Borrowing disbursed in respect of the reimbursement obligation of the applicable Borrower under subsection (e) of this Section 3.3 for purposes of this Agreement. The failure of any Bank to make an amount equal to its Revolving Credit Commitment Percentage of any such amount paid by the Administrative Agent available to the Administrative Agent shall not relieve any other Bank of its obligation to make available an amount equal to such other Bank's Revolving Credit Commitment Percentage of such amount, but no Bank shall be responsible for failure of any other Bank to make its share available to the Administrative Agent.

(e)(i) Whether a Letter of Credit was issued for the account of any Borrower or any Consolidated Subsidiary of such Borrower, and without limiting the reimbursement obligation of such other Consolidated Subsidiary, such Borrower agrees to pay to the Administrative Agent, not later than 3:00 p.m. (Detroit time) on the date on which the Administrative Agent shall honor a draft or other demand for payment presented or made under such Letter of Credit, an amount equal to the amount paid by the Administrative Agent in respect of such draft or other demand under such Letter of Credit and all expenses paid or incurred by the Administrative Agent relative thereto (the "Reimbursement Amount"). The Administrative Agent shall, on the date of each demand for payment under any Letter of Credit, give such Borrower notice thereof and of the amount of such Borrower's reimbursement obligation and liability for expenses relative thereto; provided that the failure of the Administrative Agent to give such notice shall not affect the reimbursement and other obligations of such Borrower under this Section 3.3. Unless such Borrower shall have made such payment to the Administrative Agent on such day, upon each such payment by the Administrative Agent, such Borrower shall be deemed to have elected to satisfy its reimbursement obligation by a Floating Rate Borrowing of a Revolving Loan in an amount equal to the amount so paid by the Administrative Agent in respect of such draft or other demand under such Letter of Credit, and the Administrative Agent shall be deemed to have disbursed to such Borrower, for the account of the Banks, the Revolving Loans comprising such Floating Rate Borrowing, and each Bank shall make its share of each such Floating Rate Borrowing available to the Administrative Agent in accordance with Section 3.7(d). Such Revolving Loans shall be deemed disbursed notwithstanding any failure to satisfy any conditions for disbursement of any Loan set forth in Article VIII and, to the extent of the Revolving Loans so disbursed, the reimbursement obligation of such Borrower under this subsection

(e)(i) shall be deemed satisfied.

27

35

(ii) If, for any reason (including without limitation as a result of the occurrence of an Event of Default with respect to any of the Borrowers pursuant to Section 9.1(f) or (g)), Revolving Loans may not be made by the Banks as described in Section 3.3(e)(i), then (A) such Borrower agrees that each Reimbursement Amount not paid pursuant to the first sentence of Section 3.3(e)(i) shall bear interest, payable on demand by the Administrative Agent, at the interest rate then applicable to Revolving Loans, and (B) effective on the date each such Revolving Loans would otherwise have been made, each Bank severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default, to the extent of such Bank's Revolving Credit Commitment Percentage, purchase a participating interest in each Reimbursement Amount. Each Bank will immediately transfer to the Administrative Agent, in same day funds, the amount of its participation. Each Bank shall share on a pro rata basis (calculated by reference to its Revolving Credit Commitment Percentage) in any interest which accrues thereon and in all repayments thereof. If and to the extent that any Bank shall not have so made the amount of such participating interest available to the Administrative Agent, such Bank agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Administrative Agent until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate.

(f) The reimbursement obligation of the Borrowers under this Section 3.3 with respect to each Letter of Credit shall be absolute, unconditional and irrevocable and shall remain in full force and effect until all such obligations of the Borrowers to the Banks and the Administrative Agent with respect to such Letter of Credit shall have been satisfied, and such obligations of the Borrowers shall not be affected, modified or impaired upon the happening of any event, including without limitation, any of the following, whether or not with notice to, or the consent of, the Borrowers:

- (i) Any lack of validity or enforceability of any Letter of Credit or any documentation relating to any Letter of Credit or to any transaction related in any way to such Letter of Credit (the "Letter of Credit Documents");
- (ii) Any amendment, modification, waiver, consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to any of the Letter of Credit Documents;
- (iii) The existence of any claim, setoff, defense or other right which the Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Administrative Agent or any Bank or any other Person, whether in connection with any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;
- (iv) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

28

36

(v) Payment by the Administrative Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(vi) Any failure, omission, delay or lack on the part of the Administrative Agent or any Bank or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Administrative Agent, any Bank or any such party; or

(vii) Any other event or circumstance that would, in the absence of this clause, result in the release or discharge by operation of law or otherwise of the Borrowers from the performance or observance of any obligation, covenant or agreement contained in this Section 3.3.

No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which the Borrowers have or may have against the beneficiary of any Letter of Credit shall be available hereunder to the Borrowers against the Administrative Agent or any Bank.

Nothing in this

Section 3.3 shall limit the liability, if any, of the Administrative Agent to the Borrowers pursuant to Section 11.5(c).

3.4 Bid-Option Borrowings.

(a) The Bid-Option. In addition to Syndicated Borrowings that are made pursuant to Sections 3.1 and 3.2, so long as the most recently determined Senior Debt Coverage Ratio is less than 3.0 to 1.0 (except as provided in Article II with respect to Existing Bid-Option Loans), the Borrowers may, as set forth in this Section, from time to time after the Closing Date to but excluding the Termination Date request the Banks to offer to make Bid-Option Loans to any one or more of the Borrowers. Each Bank may, but shall have no obligation to, make such offers; furthermore, each Bank may limit the aggregate amount of Bid-Option Loans when quoting rates for more than one Bid-Option Interest Period in any Bid-Option Quote, provided that such limitation shall not be less than the minimum amounts required hereunder for Bid-Option Loans and the applicable Borrower may choose among the Bid-Option Loans if such limitation is imposed. The applicable Borrower may, but shall have no obligation to, accept any such offers, in the manner set forth in this Section; provided that the Dollar Equivalent of the aggregate outstanding principal amount of Bid-Option Loans (using for purposes of such determination, in the case of any Alternate Currency Loans, the Dollar Equivalent determined on the last Business Day of the month then most recently ended) shall not, at any time exceed the lesser of (i) the excess of (A) the aggregate amount of the Revolving Credit Commitments over (B) the sum of the aggregate outstanding principal amount of Revolving Loans plus the Letter of Credit Obligations Amount plus the outstanding principal balance of the Swing Line Loans plus the outstanding principal balance of the Alternate Currency Syndicated Loans, or (ii) fifty percent (50%) of the sum of the aggregate amount of the Revolving Credit Commitments and the aggregate principal amount of the Term Loans (as the same may be reduced in accordance with the terms of this

29

37

Agreement during any applicable Bid-Option Interest Period); and provided, further, that the Dollar Equivalent of the aggregate outstanding principal amount of Alternate Currency Bid-Option Loans shall not exceed \$200,000,000 (when taken together with the Alternate Currency Syndicated Loans).

(b) Bid-Option Quote Requests. When the applicable Borrower wishes to request offers to make Bid-Option Loans under this Section, it shall transmit to the Administrative Agent by telex or telecopy a request substantially in the form attached hereto as Exhibit E (a "Bid-Option Quote Request") so as to be received no later than 10:00 a.m. (Detroit time) on (i) the Business Day next preceding the date of the Borrowing proposed therein, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (ii) the fifth Business Day next preceding the date of the Borrowing in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, or (iii) the fifth Business Day prior to the date of Borrowing proposed therein, in the case of a Bid-Option Auction for Alternate Currency Bid-Option Loans, specifying:

(A) the proposed date of the Borrowing, which shall be a Business Day;

(B) whether the Borrowing is to be an Absolute Rate Dollar Bid-Option Borrowing, a Eurodollar Rate Bid-Option Borrowing or an Alternate Currency Bid-Option Borrowing and, if an Alternate Currency Bid-Option Borrowing, the desired Alternate Currency;

(C) the aggregate amount of such Borrowing, which shall be (A) \$25,000,000 or a larger multiple of \$5,000,000, in the case of a Dollar Bid-Option Borrowing, or (B) not less than the Dollar Equivalent of \$5,000,000, in the case of a Alternate Currency Bid-Option Borrowing; and

(D) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of the applicable Interest Period.

The Borrowers may request offers to make Bid-Option Loans for more than one Interest Period in a single Bid-Option Quote Request. The Borrowers may not request offers to make Bid-Option Loans in more than one currency in any Bid- Option Quote Request and may not make more than five Bid-Option Borrowings during any month without the consent of the Administrative Agent.

(c) Invitation for Bid-Option Quotes. Promptly upon receipt of a Bid-Option Quote Request, the Administrative Agent shall send to the Banks by telex or telecopy (or telephone promptly confirmed by telex or telecopy) an Invitation for Bid-Option Quotes substantially in the form attached hereto as Exhibit F, which shall constitute an invitation by the applicable Borrower to each

30

38

Bank to submit Bid-Option Quotes offering to make the Bid-Option Loans to which such Bid-Option Quote Request relates in accordance with this Section.

(d) Submission and Contents of Bid-Option Quotes. (i) Each Bank may submit a Bid-Option Quote containing an offer or offers to make Bid-Option Loans in response to any Invitation for Bid-Option Quotes. Each Bid-Option Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by telex or telecopy (or by telephone promptly confirmed by telex or telecopy) not later than (A) 9:00 a.m. (Detroit time) on the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (B) 10:00 a.m. (Detroit time) on the fourth Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, or (C) 2:00 p.m. (Detroit time) on the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Alternate Currency Bid-Option Loans; provided that Bid-Option Quotes submitted by the Administrative Agent (or any Affiliate of the Administrative Agent) in its capacity as a Bank may be submitted, and may only be submitted, if the Administrative Agent or such Affiliate notifies the applicable Borrower of the terms of the offer or offers contained therein not later than (A) 8:45 a.m. (Detroit time) on the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (B) 9:45 a.m. (Detroit time) on the fourth Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, or (C) 1:00 p.m. (Detroit time) on the third Business Day prior to the proposed date of the Borrowing in the case of a Bid-Option Auction for Alternate Currency Bid-Option Loans. Subject to Section 3.4(e), Article VIII and Article IX, any Bid-Option Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the applicable Borrower.

(ii) Each Bid-Option Quote shall be in substantially the form attached hereto as Exhibit G and shall in any case specify:

(A) the proposed date of the Borrowing;

(B) whether the Bid-Option Loans for which the offers are made are Absolute Rate Dollar Bid-Option Loans, Eurodollar Rate Bid-Option Loans or Alternate Currency Bid-Option Loans, which must match the type of Borrowing stated in the related Invitation for Bid-Option Quotes;

(C) the principal amount of the Bid-Option Loan for which each such offer is being made, the Dollar Equivalent of which (1) may, together with the Dollar Equivalent of the aggregate outstanding principal amount of all other Loans made by the quoting Bank, exceed the amount of the Commitment of the quoting

31

39

Bank, (2) must be (y) in the case of any Dollar Bid- Option Loan, \$5,000,000 or a larger multiple thereof, or (z) in the case of any Alternate Currency Bid-Option Loan, not less than \$1,000,000, and (3) may not exceed the Dollar Equivalent of the aggregate principal amount of the Bid-Option Borrowing specified in the related Invitation for Bid-Option Quotes;

(D) in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans or Alternate Currency Bid-Option Loans, the rate of interest per annum (the "Bid-Option Absolute Rate") offered for each such Bid-Option Loan;

(E) in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, the applicable margin, which may be positive or negative (the "Bid-Option Eurodollar Rate Margin"), expressed as a percentage, offered for each such Bid-Option Loan;

(F) the Interest Period(s) for which each such Bid- Option Absolute Rate or Bid-Option Eurodollar Rate Margin, as the case may be, is offered; and

(G) the identity of the quoting Bank.

(iii) Any Bid-Option Quote shall be disregarded if it:

(A) is not substantially in the form of Exhibit G hereto or does not specify all of the information required by subsection (d)(ii) above;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid-Option Quotes; or

(D) arrives after the time set forth in subsection (d)(i);

32

40

provided that a Bid-Option Quote shall not be disregarded pursuant to clause (B) or (C) above solely because it indicates that an allocation that might otherwise be made to it pursuant to Section 3.4(g) would be unacceptable.

(e) Notice to Borrowers. The Administrative Agent shall promptly notify the applicable Borrower of the terms (i) of any Bid-Option Quote submitted by a Bank that is in accordance with subsection (d) of this Section and (ii) of any Bid-Option Quote that amends, modifies or is otherwise inconsistent with a previous Bid-Option Quote submitted by such Bank with respect to the same Bid-Option Quote Request. Any such subsequent Bid-Option Quote shall be disregarded by the Administrative Agent unless such subsequent Bid-Option Quote is submitted solely to correct a manifest error in such former Bid-Option Quote. The Administrative Agent's notice to the applicable Borrower shall specify (i) the Dollar Equivalent of the aggregate principal amount of Bid-Option Loans for which offers have been received for each Interest Period specified in the related Bid-Option Quote Request and (ii) the respective Dollar Equivalent of the principal amounts and respective Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, so offered.

(f) Acceptance and Notice by Borrowers. Not later than 10:00 a.m. (Detroit time) on (i) the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (ii) the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, or (iii) the second Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Alternate Currency Bid-Option Loans, the applicable Borrower shall notify the Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e) of this Section 3.4. In the case of acceptance, such notice (a "Notice of Bid-Option Borrowing") shall specify the aggregate principal amount of accepted offers for the applicable Interest Period(s). The applicable Borrower may accept any Bid-Option Quote in whole or in part; provided that:

(A) the Dollar Equivalent of the aggregate principal amount of each Bid-Option Borrowing may not exceed the applicable amount set forth in the related Bid-Option Quote Request;

(B) the Dollar Equivalent of the aggregate principal amount of each Bid-Option Borrowing must be (1) in the case of Dollar Bid-Option Borrowings, \$25,000,000 or a larger multiple of \$5,000,000, unless the aggregate amount of the related Bid-Option Loans for which Bid-Option Quotes were received is less than \$25,000,000, in which case the aggregate principal amount of the Dollar Bid-Option Borrowing may be any amount less than \$25,000,000, and (2) in the case of Alternate Currency Bid-Option Loans, not less than \$5,000,000 (or, if less, the aggregate amount of the

33

41

related Bid-Option Loans for which Bid-Option Quotes were received);

(C) acceptance of offers may only be made on the basis of ascending Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be; and

(D) a Borrower may not accept any offer that is described in clause (iii) of subsection (d) of this Section or that otherwise fails to comply with the requirements of this Agreement.

(g) Allocation by Administrative Agent. If offers are made by two or more Banks with the same Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Bid-Option Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in such multiples, not greater than the Dollar Equivalent of \$500,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amount of such offers (excluding any Bank that has indicated in its offer that an allocation which otherwise would be made to it is unacceptable). Determinations by the Administrative Agent of the amounts of Bid-Option Loans shall be conclusive in the absence of manifest error.

3.5 Swing Line Loans. (a) Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Sections 8.1 8.2 and 8.3, from and including the date of this Agreement and prior to the Termination Date, the Swing Line Bank agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans in Dollars to the Borrowers from time to time in an amount not to exceed the lesser of (i) \$25,000,000 (minus the outstanding principal balance of all Swing Line Loans then outstanding) or (ii) an amount equal to the aggregate amount of the Revolving Credit Commitments minus the outstanding principal balance of the Revolving Loans minus the Letter of Credit Obligations Amount minus the outstanding principal balance of the Bid-Option Loans minus the outstanding principal balance of all Swing Line Loans at such time minus the outstanding principal balance of the Alternate Currency Syndicated Loans at such time, in each case after giving effect to the application of the proceeds of any Swing Line Loans made at such time (using for purposes of such determination, in the case of any Alternate Currency Loans, the Dollar Equivalent determined on the last Business Day of the month then most recently ended). Each Swing Line Loan shall be in a minimum amount of not less than \$1,000,000 (or such lesser amount as may be agreed to by the Swing Line Bank) or an integral multiple of \$1,000,000 (or such lesser amount as may be agreed to by the Swing Line Bank) in excess thereof, and all interest payable on the Swing Line Loans shall be payable to the Swing Line Bank for its account.

34

42

(b) Borrowing Notice. The applicable Borrower shall deliver to the Administrative Agent and the Swing Line Bank a Borrowing Notice in substantially the form attached hereto as Exhibit C-2 ("Notice of Swing Line Borrowing") signed by it not later than 2:00 p.m. (Detroit time) (or such later time as shall be agreed upon between such Borrower and the Swing Line Bank) on the Borrowing Date of each Swing Line Loan specifying (i) the applicable Borrowing Date (which shall be a Business Day) and (ii) the aggregate amount of the requested Swing Line Loan. The Swing Line Loans shall at all times be at rates agreed to between the applicable Borrower and the Swing Line Bank.

(c) Repayment of Swing Line Loans. The Swing Line Loans shall be evidenced by the Swing Line Loan Notes and each Swing Line Loan shall be paid in full on or before the sixth Business Day after the Borrowing Date for such Swing Line Loan (or such longer period as may be agreed to by the Swing Line Bank). Outstanding Swing Line Loans may be repaid from the proceeds of Revolving Loans or Swing Line Loans. Any repayment of a Swing Line Loan shall be accompanied by accrued interest thereon and shall be in the minimum amount of \$1,000,000 (or such lesser amount as may be agreed to by the Swing Line Bank) and in increments of \$1,000,000 (or such lesser amount as may be agreed to by the Swing Line Bank) in excess thereof or the full amount of such Swing Line Loan. If the applicable Borrower at any time fails to repay a Swing Line Loan on the applicable date when due, the applicable Borrower shall be deemed to have elected to borrow a Floating Rate Loan under Section 3.1 as of such date equal in amount to the unpaid amount of such Swing Line Loan (notwithstanding the minimum amount of Floating Rate Loans as provided in Section 3.1). The proceeds of any such Loan shall be used to repay such Swing Line Loan. Unless the Administrative Agent upon the request of or with the consent of the Required Banks shall have notified the Swing Line Bank prior to making any Swing Line Loan, that the applicable conditions precedent set forth in Article VIII have not then been satisfied, each Bank's obligation to make Loans pursuant to Section 3.1 and to repay such Swing Line Loan pursuant to this Section 3.5 shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including the occurrence or continuance of a Default. In the event that any Bank fails to make payment to the Administrative Agent of any amount due under this Section 3.5(c), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Bank hereunder until the Administrative Agent receives such payment from such Bank or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Bank fails to make payment to the Administrative Agent of any amount due under this Section 3.5(c), such Bank shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Bank, without recourse or warranty, an undivided interest in and participation in the Swing Line Loan in the amount of the Loan such Bank was required to make pursuant to this Section 3.5(c) and such interest and participation may be recovered from such Bank together with interest thereon at the Federal Funds Rate for each day during the period commencing on the date of demand by the Administrative Agent and ending on the date such obligation is fully satisfied.

3.6 Alternate Currency Syndicated Loans.

35

43

(a) Upon the satisfaction of the conditions precedent set forth in Sections 8.1, 8.2 and 8.3 hereof and set forth in the applicable Alternate Currency Addendum, from and including the later of the date of this Agreement and the date of execution of the applicable Alternate Currency Addendum and prior to the Termination Date (unless an earlier termination date shall be specified in the applicable Alternate Currency Addendum), each applicable Alternate Currency Bank agrees, on the terms and conditions set forth in this Agreement and in the applicable Alternate Currency Addendum, to make Alternate Currency Syndicated Loans under such Alternate Currency Addendum to the applicable Borrower party to such Alternate Currency Addendum from time to time in the applicable Alternate Currency, in an amount not to exceed each such Alternate Currency Bank's applicable Alternate Currency Commitment; provided, however, at no time shall the Dollar Equivalent of the outstanding principal amount of the Alternate Currency Loans for all Alternate Currencies exceed \$200,000,000 other than as a result of currency fluctuations and then only to the extent permitted in Section 4.2(h); provided, further, at no time shall the Dollar Equivalent of the Alternate Currency Syndicated Loans for any specific Alternate Currency exceed the maximum amount specified as the maximum amount for such Alternate Currency in the applicable Alternate Currency Addendum other than as a result of currency fluctuations and then only to the extent permitted in Section 4.2(h). Each Alternate Currency Syndicated Loan under this Section 3.6 shall consist of Alternate Currency Syndicated Loans made by each applicable Alternate Currency Bank ratably in proportion to such Alternate Currency Bank's respective Alternate Currency Share. Subject to the terms of this Agreement and the applicable Alternate Currency Addendum, the Borrowers may borrow, repay and reborrow Alternate Currency Syndicated Loans at any time prior to the Termination Date. On the Termination Date, the outstanding principal balance of the Alternate Currency Loans shall be paid in full by the applicable Borrower and prior to the Termination Date prepayments of the Alternate Currency Loans shall be made by the applicable Borrower if and to the extent required in Section 4.2.

(b) MascoTech may, by written notice to the Administrative Agent request the establishment of additional Alternate Currency Commitments in additional Alternate Currencies other than Pounds Sterling, Deutsche Marks and Italian Lire, provided the Dollar Equivalent of the aggregate amount of all of the Alternate Currency Commitments does not exceed \$200,000,000 ("Request for a New Alternate Currency Facility"). The Administrative Agent will promptly forward to the Banks any Request for a New Alternate Currency Facility received from MascoTech; provided each Bank shall be deemed not to have agreed to such request unless its written consent thereto has been received by the Administrative Agent within ten (10) Business Days from the date of such notification by the Administrative Agent to such Bank. In the event that sufficient Banks consent to such Request for a New Alternate Currency Facility, upon execution of the applicable Alternate Currency Addendum and the other documents, instruments and agreements required pursuant to this Agreement and such Alternate Currency Addendum, the Alternate Currency Loans with respect thereto may be made.

(c) Except as otherwise required by applicable law, in no event shall the Alternate Currency Agent or Alternate Currency Banks have the right to accelerate the Alternate Currency Loans outstanding under any Alternate Currency Addendum or to terminate their commitments (if any)

36

44

thereunder to make Alternate Currency Loans prior to the stated termination date in respect thereof, except that such Alternate Currency Agent and Alternate Currency Banks shall, in each case, have such rights upon an acceleration of the Loans and a termination of the Revolving Credit Commitments pursuant to Article IX.

(d) Each Alternate Currency Agent shall furnish to the Administrative Agent and the applicable Alternate Currency Banks, not less frequently than monthly, and at any other time at the reasonable request of the Administrative Agent, a statement setting forth the outstanding Alternate Currency Loans made and repaid during the period since the last such report under such Alternate Currency Addendum.

(e) Immediately and automatically upon the occurrence of an Event of Default under Section 9.1(a), (f) or (g), each Bank shall be deemed to have unconditionally and irrevocably purchased from each Alternate Currency Bank, without recourse or warranty, an undivided interest in and participation in each Alternate Currency Syndicated Loan ratably in accordance with such Bank's Revolving Credit Commitment Percentage of the amount of such Loan, and immediately and automatically all Alternate Currency Syndicated Loans shall be converted to and redenominated in Dollars equal to the Dollar Equivalent of each such Alternate Currency Loan determined as of the date of such conversion. Each of the Banks shall pay to the applicable Alternate Currency Bank not later than two (2) Business Days following a request for payment from such Alternate Currency Bank, in Dollars, an amount equal to the undivided interest in and participation in the Alternate Currency Syndicated Loan purchased by such Bank pursuant to this Section 3.6(e). In the event that any Bank fails to make payment to the applicable Alternate Currency Bank of any amount due under this

Section 3.6(e), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Bank hereunder until the Administrative Agent receives from such Bank an amount sufficient to discharge such Bank's payment obligation as prescribed in this Section 3.6(e) together with interest thereon at the Federal Funds Rate for each day during the period commencing on the date of demand by the Administrative Agent and ending on the date such obligation is fully satisfied. The Administrative Agent will promptly remit all payments received as provided above to the applicable Alternate Currency Bank.

3.7 Notice to Banks; Funding of Loans.

(a) Notice of Syndicated Borrowings. The applicable Borrower shall give the Administrative Agent or the applicable Alternate Currency Agent, as required, written notice in substantially the form attached hereto as Exhibit C-1 (a "Notice of Syndicated Borrowing") signed by an Authorized Officer or person designated by an Authorized Officer not later than 12:00 noon (Detroit time) on the Business Day of each Borrowing of a Floating Rate Revolving Loan, not later than 11:00 a.m. (Detroit time) on the third Business Day before each Borrowing of a Eurodollar Rate Syndicated Loan, and not later than 11:00 a.m. (Detroit time) on the fourth Business Day before each Borrowing of an Alternate Currency Syndicated Loan, or as specified in the applicable Alternate Currency Addendum, specifying: (i) the date of such Borrowing, which shall be a Business Day, (ii)

37

45

whether such Borrowing is pursuant to a Term Loan, a Revolving Credit Syndicated Loan or an Alternate Currency Syndicated Loan, (iii) the aggregate amount of such Borrowing and, in the case of each Alternate Currency Syndicated Loan, the Dollar Equivalent of such Borrowing and the currency in which such Borrowing is denominated, (iv) whether the Loans comprising such Borrowing are to be, in the case of Term Loans or Revolving Loans, Floating Rate Loans or Eurodollar Rate Syndicated Loans or Alternate Currency Syndicated Loans and (v) in the case of each Eurodollar Rate Syndicated Borrowing or Alternate Currency Syndicated Loan, the duration of the Interest Period applicable thereto, which shall comply with the provisions of the definition of the applicable Interest Period.

(b) Request for Letter of Credit Issuance; Notice of Bid-Option Borrowing; Notice of Swing Line Borrowing. The applicable Borrower shall give the Administrative Agent or the applicable Alternate Currency Agent, as required, written notice in conformity with the Section 3.3(b) in the case of a Request for Letter of Credit Issuance, Section 3.4(f) in the case of a Notice of Bid-Option Borrowing and Section 3.5(b) in the case of a Notice of Swing Line Borrowing.

(c) Upon receipt of a Notice of Borrowing or Request for Letter of Credit Issuance, the Administrative Agent or the Alternate Currency Agent, as applicable, shall promptly notify each applicable Bank of the contents thereof and of such Bank's share, if any, of such Borrowing or the related Letter of Credit risk, as the case may be. A Notice of Borrowing or Request for Letter of Credit Issuance shall be irrevocable by the applicable Borrower once the Administrative Agent, or the applicable Alternate Currency Agent, begins notifying any Bank of the contents thereof.

(d) Each Bank, not later than 1:00 p.m. (Detroit time) on the date any Borrowing is requested to be made, other than an Alternate Currency Borrowing or a Borrowing of a Swing Line Loan, shall make its share, if any, of such Borrowing available to the Administrative Agent in immediately available funds, at the Administrative Agent's address specified in or pursuant to Section 11.2, for disbursement to the applicable Borrower. Unless the Administrative Agent determines that any applicable condition specified in Article VIII has not been satisfied, the Administrative Agent will make funds actually so received from the Banks available to the applicable Borrower at the Administrative Agent's aforesaid address. Unless the Administrative Agent shall have received notice from any Bank prior to the date such Borrowing is requested to be made that such Bank will not make available to the Administrative Agent such Bank's share of such Borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date such Borrowing is requested to be made in accordance with this Section 3.7. If and to the extent such Bank shall not have so made such share available to the Administrative Agent, the Administrative Agent may (but shall not be obligated to) make such amount available to the applicable Borrower, and such Bank and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such amount, together with interest thereon for each day from the date such amount is made available to the applicable Borrower by the Administrative Agent until the date such amount is repaid to the Administrative Agent at (i) in the case of such Bank, the Federal Funds Rate and (ii) in the case of the applicable Borrower, a rate per annum equal to the interest rate applicable to such Borrowing during such period. If such Bank shall pay such amount to the Administrative Agent together with interest, such amount so paid shall constitute a Loan by such Bank as a part of the related

38

46

Borrowing for purposes of this Agreement. The failure of any Bank to make its share of any Borrowing available to the Administrative Agent shall not relieve any other Bank of its obligation to make available to the Administrative Agent its share, if any, of such Borrowing on the date such Borrowing is requested to be made, but no Bank shall be responsible for failure of any other Bank to make such share available to the Administrative Agent on the date of such Borrowing.

(e)(i) Each Bank making an Alternate Currency Bid-Option Loan shall make its share, if any, of such Borrowing available to the applicable Borrower not later than 11:00 a.m. (local time in the principal financial center of the country issuing the Alternate Currency) on the date any Alternate Currency Bid-Option Borrowing is requested to be made by depositing the proceeds thereof in an account maintained and designated by the applicable Borrower at an office or branch of such Bank (or of an Affiliate of such Bank) located in the principal financial center of the country issuing the Alternate Currency in which such Borrowing is denominated or, if neither such Bank nor any Affiliate of such Bank has an office or branch in such financial center, at such Bank's Eurodollar Lending Office or Domestic Lending Office as selected by such Bank, or by such other means requested by the applicable Borrower and acceptable to such Bank. Promptly upon any such disbursement of an Alternate Currency Bid-Option Loan, the Bank making such Loan shall give written notice to the Administrative Agent by telex or telecopy of the making of such Loan, which notice shall be substantially in the form attached hereto as Exhibit H.

(ii) Subject to the procedures set forth in the applicable Alternate Currency Addendum, each Alternate Currency Bank shall make available its Alternate Currency Syndicated Loan or Loans, in funds immediately available to the Alternate Currency Agent at its office designated in the Alternate Currency Addendum for payments of such Alternate Currency in the Alternate Currency. The Alternate Currency Agent will promptly make the funds so received from the Alternate Currency Banks available to the applicable Borrower. Promptly upon any such disbursement of an Alternate Currency Syndicated Loan, the Alternate Currency Agent, shall give written notice to the Administrative Agent by telex or telecopy of the making of such Loan, which notice shall be substantially in the form attached hereto as Exhibit H.

(iii) If for any reason any applicable Alternate Currency Bank fails to make payment to the applicable Alternate Currency Agent of any amount due under Section 3.7(e)(ii) and the applicable Alternate Currency Addendum, the applicable Alternate Currency Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Alternate Currency Bank hereunder until the Alternate Currency Agent receives such payment from such Alternate Currency Bank or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Alternate Currency Bank fails to make payment to the applicable Alternate Currency Agent of any amount due under Section 3.7(e)(ii) and the applicable Alternate Currency Addendum, such Alternate Currency Bank shall be deemed, at the option of the applicable Alternate Currency Agent, to have unconditionally and irrevocably purchased from the applicable Alternate Currency Agent, without recourse or warranty, an undivided interest in and participation in the applicable Alternate Currency Loan in the amount such Alternate Currency Bank was required to pay pursuant to Section 3.7(e)(ii) and the applicable Alternate Currency Addendum, and such interest

39

47

and such participation may be recovered from such Alternate Currency Bank together with interest thereon at the Federal Funds Rate for each day during the period commencing on the date of demand by the applicable Alternate Currency Agent and ending on the date such obligation is fully satisfied.

3.8 The Notes.

(a) The Revolving Loans of each Bank shall be evidenced by a Revolving Credit Note payable to the order of such Bank in an amount equal to the Revolving Credit Commitment of such Bank.

(b) The Term Loans of each Bank shall be evidenced by a Term Loan Note payable to the order of such Bank in an amount equal to the Term Loan Commitment of such Bank.

(c) The Bid-Option Loans of each Bank shall be evidenced by a single Bid-Option Note payable to the order of such Bank in an amount equal to the Dollar Equivalent of the aggregate unpaid principal amount of such Bank's Bid-Option Loans.

(d) The Alternate Currency Syndicated Loans of each Alternate Currency Bank shall be evidenced by a single Alternate Currency Syndicated Note payable to the order of such Bank in an amount equal to the Alternate Currency Commitment of such Bank.

(e) Upon receipt of each Bank's Notes pursuant to Section 8.2, the Administrative Agent shall forward such Notes to such Bank. Each Bank shall record on its books and records, and prior to any transfer of its Notes shall endorse on the schedules forming a part thereof appropriate notations to evidence, the date of disbursement, amount and maturity of each Loan made by it, the interest rate and Interest Period applicable thereto and the date and amount of each payment of principal made by the applicable Borrowers with respect thereto. Any notations made by such Bank shall be prima facie evidence of the matters so recorded or endorsed. Each Bank is hereby irrevocably authorized by the Borrowers to make such records, so to endorse schedules to its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required. Failure by any Bank to make such records or so to endorse the schedules to its Notes, or any error in recording or so endorsing any such information, shall not affect the Borrowers' liability hereunder or under any Note.

3.9 Certain Fees.

(a) Facility Fee. MascoTech will pay to the Administrative Agent for the respective accounts of the Banks a facility fee, for each calendar quarter or portion thereof from the Closing Date to but not including the Termination Date, on the amount of each Bank's Revolving Credit Commitment and Term Loans, whether used or unused, during such period, at a rate equal to the Applicable Facility Fee Rate. All accrued facility fees hereunder shall be payable in arrears with respect to each calendar quarter or portion thereof not later than the tenth day after the end of each March, June, September and December, commencing with the first such calendar quarter-end after the

40

48

Closing Date, and on the Termination Date. Promptly upon receipt of such facility fees for any calendar quarter or portion thereof, the Administrative Agent shall distribute such facility fees to the Banks ratably in accordance with their respective Pro Rata Shares.

(b) AgentS' and Arrangers' Fees and Closing Fee. MascoTech will pay to the Agents and to the Arrangers fees in such amounts and at such times as are agreed to in the Agents and Arrangers Fee Letter and the Administrative Agent Fee Letter, each dated as of December 10, 1997 and the Administrative Agent shall distribute out of such fees, closing fees to the Banks on the Closing Date.

3.10 Optional Termination or Reduction of Commitments.

Subject to Section 5.5, the Borrowers shall have the right at any time and from time to time, upon one Business Day's prior written notice to the Administrative Agent, to terminate or proportionately reduce the amount of the Revolving Credit Commitments or the Alternate Currency Commitments, provided, that (i) any partial reduction of the amount of the Revolving Credit Commitments shall be in the amount of \$5,000,000 or a multiple of \$1,000,000 in excess thereof and any partial reduction of any Alternative Currency Commitment shall be in the Approximate Equivalent Amount of \$1,000,000 or any integral multiple thereof, (ii) no such reduction shall be permitted with respect to any portion of the Revolving Credit Commitments not in excess of the sum of the Dollar Equivalent of the aggregate outstanding principal amount of all Revolving Loans, Bid-Option Loans plus Alternative Currency Syndicated Loans and Swing Line Loans, plus the Letter of Credit Obligations Amount, plus the Dollar Equivalent of the aggregate amount of all Borrowings for which a Notice of Borrowing is then pending, plus the aggregate amount of all Letters of Credit for which a Request for Letter of Credit Issuance is then pending, (iii) the Commitments may not be terminated if any Loans or Letters of Credit are then outstanding or any Notice of Borrowing or Request for Letter of Credit Issuance is then pending and (iv) no such termination or reduction shall be permitted if, after giving effect thereto, the Dollar Equivalent of the aggregate principal amount of the outstanding Bid-Option Loans would exceed fifty percent (50%) of the aggregate amount of the sum of the Revolving Credit Commitments and the outstanding aggregate principal amount of the Term Loans. The Revolving Credit Commitments or any portion thereof terminated or reduced pursuant to this Section may not be reinstated. The accrued facility fees with respect to the terminated Revolving Credit Commitments or the amount of any reduction therein shall be payable on the effective date of such notice. Upon receipt of any notice from the Borrowers pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's share of any reduction of the Commitments. Each such notice shall be irrevocable by the Borrowers once the Administrative Agent begins notifying any Bank of the contents thereof.

3.11 Mandatory Termination of Commitments. The Revolving Credit Commitments shall terminate on the Termination Date. The Term Loan Commitments shall terminate upon disbursement of the Term Loans on the Closing Date.

41

49

3.12 Borrowing Subsidiaries. MascoTech may at any time or from time to time, with the consent of the Administrative Agent, which consent shall not be unreasonably withheld, add as a party to this Agreement any Subsidiary to be a "Borrowing Subsidiary" hereunder by the execution and delivery to the Administrative Agent of a duly completed Assumption Letter by such Subsidiary, with the written consent of MascoTech at the foot thereof. Upon such execution, delivery and consent, such Subsidiary shall for all purposes be a party hereto as a Borrowing Subsidiary as fully as if it had executed and delivered this Agreement. So long as the principal of and interest on any Loans made to any Borrowing Subsidiary under this Agreement shall have been repaid or paid in full, all Letters of Credit issued for the account of such Borrowing Subsidiary have expired or been returned and terminated and all other obligations (other than contingent indemnification obligations) of such Borrowing Subsidiary under this Agreement shall have been fully performed, MascoTech may, by not less than five Business Days' prior notice to the Administrative Agent (which shall promptly notify the Banks thereof), terminate such Borrowing Subsidiary's status as a Borrowing Subsidiary.

ARTICLE IV.

PRINCIPAL PAYMENTS; INTEREST; ETC

4.1 Scheduled Principal Payments. (a) General. Unless earlier payment is required under this Agreement or is made pursuant to Section 4.1(b) or Section 4.2, on the last day of the Interest Period applicable to each Loan, the Borrowers shall continue or convert such Loan in accordance with Section

4.8 or repay such Loan.

(b) Repayment of the Term Loans. (i) The Term Loans shall be repaid by the Borrowers in twenty-five (25) installments payable on the dates set forth below in the amounts set forth below corresponding to such dates and the Term Loans shall be permanently reduced by the amount of each installment on the date payment thereof is made hereunder.

Installment Date Amount	Installment
March 31, 1998	\$6,250,000
June 30, 1998	\$6,250,000
September 30, 1998	\$6,250,000
December 31, 1998	\$6,250,000
March 31, 1999	\$10,000,000
June 30, 1999	\$10,000,000
September 30, 1999	\$10,000,000
December 31, 1999	\$10,000,000
March 31, 2000	\$15,000,000
June 30, 2000	\$15,000,000
September 30, 2000	\$15,000,000

42

50

December 31, 2000	\$15,000,000
March 31, 2001	\$18,750,000
June 30, 2001	\$18,750,000
September 30, 2001	\$18,750,000
December 31, 2001	\$18,750,000
January 31, 2002	
\$100,000,000	
March 31, 2002	\$22,500,000
June 30, 2002	\$22,500,000
September 30, 2002	\$22,500,000
December 31, 2002	\$22,500,000
March 31, 2003	\$25,000,000
June 30, 2003	\$25,000,000
September 30, 2003	\$25,000,000
November 15, 2003	\$35,000,000

Notwithstanding the foregoing, the final installment shall be in the amount of the then outstanding principal balance of the Term Loans. In addition, the then outstanding principal balance of the Term Loans, if any, shall be due and payable on the Termination Date. No installment of any Term Loan shall be reborrowed once repaid.

4.2 Prepayments of Principal. The following provisions apply in respect of prepayment of the Loans, other than Swing Line Loans, by any Borrower:

(a) The Borrowers may prepay Floating Rate Loans in whole or in part on any Business Day in amounts aggregating \$5,000,000 or multiples of \$1,000,000 in excess thereof (unless such prepayment would cause the aggregate outstanding principal amount of Floating Rate Loans to be less than \$5,000,000, in which event prepayment may only be made in an amount equal to the entire outstanding principal amount of Floating Rate Loans), by paying the principal amount being prepaid together with accrued interest thereon to the date of prepayment. Each prepayment in part of such Loans shall be applied to such Loans of the Banks ratably in accordance with their respective shares of the aggregate outstanding principal amount of the Floating Rate Loans.

(b) The Borrowers may, upon at least three Business Days' notice to the Administrative Agent, prepay any Eurodollar Rate Syndicated Loan in whole or in part on any Business Day in the amount of \$5,000,000 or the Approximate Equivalent Amount of \$1,000,000 of any Alternate Currency Syndicated Loan or multiples of \$1,000,000 or the Approximate Equivalent Amount of \$1,000,000 of any Alternate Currency in excess thereof (unless, in the case of prepayment of any Eurodollar Rate Syndicated Loan, such prepayment would cause the aggregate outstanding principal amount of such Eurodollar Rate Syndicated Loan to be less than \$5,000,000, in which event prepayment may only be made in an amount equal to the outstanding unpaid principal amount of such Eurodollar Rate Syndicated Loan), by paying the principal amount being prepaid together with accrued interest thereon to the date of prepayment; provided, however, that the Borrowers shall

43

51

compensate the Banks pursuant to Section 5.5 for any losses or expenses incurred as a result thereof. Each prepayment in part of any Eurodollar Rate Syndicated Loan shall be applied to the Eurodollar Rate Syndicated Loans comprising such Borrowing of the Banks ratably in accordance with their respective shares of the aggregate outstanding principal amount of such Loans.

(c) Unless otherwise required by this Agreement, the Borrowers may not prepay any Bid-Option Loan in whole or in part without the consent of the Bank that made such Bid-Option Loan.

(d) Notwithstanding Section 4.2(a), (b) and (c), if on any date:

(i) the sum of (A) the Dollar Equivalent of the aggregate outstanding principal amount of Loans plus (B) the Letter of Credit Obligations Amount exceeds the sum of the aggregate amount of the Revolving Credit Commitments and the outstanding aggregate principal amount of the Term Loans; or

(ii) the Dollar Equivalent of the aggregate outstanding principal amount of Bid-Option Loans exceeds fifty percent (50%) of the sum of the Revolving Credit Commitments and the aggregate outstanding principal amount of the Term Loans; or

(iii) the Dollar Equivalent of the aggregate outstanding principal amount of Alternate Currency Bid-Option Loans and the Alternate Currency Syndicated Loans exceeds \$200,000,000,

then the Borrowers shall pay forthwith the principal amount of such excess, together with accrued interest thereon to the date of payment; provided, however, that the Borrowers shall compensate the Banks pursuant to Section 5.5 for any losses or expenses incurred as a result thereof; and provided further, however, that (A) no such payment otherwise required under clause (i) of this Section 4.2(d) solely because of currency exchange rate fluctuations affecting the Dollar Equivalent of the aggregate outstanding principal amount of Alternate Currency Syndicated Loans or Alternate Currency Bid-Option Loans shall be required unless such payment is due on a date when a payment of principal of any Loan is otherwise due hereunder, and (B) notwithstanding clause (A) of this proviso, no such payment otherwise required under subsection

(ii) or (iii) of this Section 4.2(d) shall be required if due solely because of currency exchange rate fluctuations affecting the Dollar Equivalent of the aggregate outstanding principal amount of Alternate Currency Syndicated Loans and Alternate Currency Bid-Option Loans since the last date on which any of such Alternate Currency Syndicated Loans or Alternate Currency Bid-Option Loans, as the case may be, were made.

(e) Upon receipt of a notice of prepayment pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's share (in accordance with Section 4.4) of such prepayment. Each such notice shall be irrevocable by the Borrowers once the Administrative Agent begins notifying any Bank of the contents thereof.

44

52

(f) At any time that the most recently determined Senior Debt Coverage Ratio is greater than 3.0 to 1.0 (after giving pro forma effect to the application of proceeds prescribed herein below), upon the consummation of any Asset Sale or any Financing by MascoTech or any of its Consolidated Subsidiaries (other than (i) sales of inventory in the ordinary course of business and (ii) sales or other dispositions of equipment which in the reasonable judgment of MascoTech is no longer used or useful in the business of MascoTech) except to the extent that the Net Cash Proceeds of such Asset Sale, when combined with the Net Cash Proceeds of all such Asset Sales during the immediately preceding twelve-month period, do not exceed \$25,000,000, and except as provided in the immediately succeeding sentence, within three (3) Business Days after MascoTech's or any of its Subsidiaries' receipt of any Net Cash Proceeds from any such Asset Sale or Financing, the Borrowers shall make a mandatory prepayment in an amount equal to one hundred percent (100%) of such Net Cash Proceeds or such lesser amount as is sufficient to reduce the Senior Debt Coverage Ratio (calculated using EBITDA for the most recently concluded four fiscal quarter period and using Debt as of the last day of such four fiscal quarter period, taking into account the reduction in such Debt as a result of such mandatory prepayment on a pro forma basis) to 3.0 to 1.0. Net Cash Proceeds of Asset Sales of capital assets with respect to which the Borrowers shall have given the Agent written notice of its intention to replace such capital assets within six months following such Asset Sale shall not be subject to the provisions of the preceding sentence unless and to the extent that such applicable period shall have expired without such replacement having been made. Each such mandatory prepayment shall be applied first to the Term Loan installment due January 31, 2002 and after such installment is paid in full to each of the then remaining installments payable under the Term Loans in the inverse order of maturity; and following the payment in full of the Term Loans, the amount of each such prepayment shall be applied to repay Revolving Loans (but shall reduce Revolving Loan Commitments only at the option of the Borrowers). Subject to the preceding provisions of this Section 4.2(f), all of the mandatory prepayments made pursuant to this Section 4.2(f) shall be applied first to Floating Rate Loans and to any Eurodollar Rate Loans maturing on such date. The Administrative Agent shall hold the remaining portion of such mandatory prepayment as cash collateral in an interest bearing deposit account and shall apply funds from such account to Eurodollar Rate Loans at the end of the applicable Interest Period.

(g) All voluntary prepayments of the Term Loans shall be applied, at the Borrowers' option, either to the installment due January 31, 2002 or to the other remaining installments of the Term Loans, pro rata, or any combination of the foregoing.

(h) If on the last Business Day of any month, the Dollar Equivalent of all outstanding Alternate Currency Syndicated Loans under the Alternate Currency Addenda exceeds 105% of the aggregate Alternate Currency Commitments with respect thereto, the applicable Borrowers shall on such date prepay Alternate Currency Syndicated Loans in an aggregate amount such that after giving effect thereto the Dollar Equivalent of all such Alternate Currency Syndicated Loans is less than or equal to the aggregate Alternate Currency Commitments with respect thereto.

4.3 Interest Payments. The Borrowers shall pay interest to the Banks on the unpaid principal amount of each Loan, for the period commencing on the date such Loan is made until such

45

53

Loan is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration or otherwise), and thereafter on demand, at the following rates per annum (subject, however, to the provisions of Section 11.12):

(a) With respect to each Floating Rate Loan, at the Floating Rate.

(b) With respect to each Loan which bears interest at the Eurodollar Rate, the Eurodollar Rate, provided that if any Eurodollar Rate Syndicated Revolving Loan or any portion thereof shall, as a result of clause (c) of the definition of Eurodollar Rate Interest Period, have an Interest Period of less than one month, such Loan or portion thereof shall bear interest during such Interest Period at the Floating Rate.

(c) With respect to each Eurodollar Rate Bid-Option Loan, the Bid-Option Eurodollar Rate, provided that if any Eurodollar Rate Bid-Option Loan or any portion thereof shall, as a result of clause (c) of the definition of Eurodollar Rate Interest Period, have an Interest Period of less than one month, in the case of a Eurodollar Rate Syndicated Loan, or fifteen days, in the case of a Eurodollar Rate Bid-Option Loan, such Loan or portion thereof shall bear interest during such Interest Period at the Floating Rate.

(d) With respect to each Absolute Rate Dollar Bid-Option Loan and Alternate Currency Bid-Option Loan, the Bid-Option Absolute Rate quoted for such Loan by the Bank making such Loan.

(e) With respect to each Alternate Currency Syndicated Loan, the rate prescribed in the applicable Alternate Currency Addendum.

(f) Notwithstanding the foregoing subsections (a) through (e), the Borrowers shall (subject to the provisions of Section 11.12), at the option of the Required Banks, pay interest on demand at the Overdue Rate on the outstanding principal amount of all Loans and any other amount payable by the Borrowers hereunder after the occurrence and during the continuance of an Event of Default under Section 9.1(a), (b), (d), (e), (f), (g) or (k).

4.4 Payment Procedures.

(a) All payments of any facility fees, closing fees, Letter of Credit fees, Agent's fees, or other fees hereunder and of principal of, and interest on, the Loans, other than Alternate Currency Loans, and of reimbursement obligations in respect of Letters of Credit shall be made in Dollars and in funds immediately available at the Administrative Agent's principal office in Detroit, Michigan not later than 1:00 p.m. (Detroit time) on the date on which such payment shall become due. All payments of principal of, and interest on, the Alternate Currency Loans shall be made in the currencies in which such Loans are denominated and in funds immediately available, freely transferable and cleared at the office or branch from which the Loan was made under Section 3.4(a) and 3.6 not later than 3:00 p.m. local time on the date on which such payment shall become due. Promptly upon receipt of any payment of principal of the Alternate Currency Loans the Bank receiving

46

54

such payment shall give written notice to the Administrative Agent by telex or telecopy of the receipt of such payment, which notice shall be substantially in the form attached hereto as Exhibit I. Whenever any payment of principal of, or interest on, the Loans or of any fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day (unless as a result thereof, in respect of Eurodollar Rate Loans and Alternate Currency Syndicated Loans, such date would fall in the next calendar month, in which case it shall be advanced to the next preceding Business Day) and, in the case of a payment of principal, interest thereon shall be payable for any such extended time.

(b) Payments of principal of Syndicated Loans that comprise a Syndicated Borrowing, including any Substitute Loan made by a Bank as part of any Borrowing of a Eurodollar Rate Syndicated Revolving Loan, shall be promptly distributed by the Administrative Agent to the Banks that made such Syndicated Loans ratably in proportion to their respective shares of the outstanding principal amount of such Syndicated Borrowing. Payments of interest on Syndicated Loans that comprise a Syndicated Borrowing, including any Substitute Loan made by a Bank as part of any Borrowing of a Eurodollar Rate Syndicated Revolving Loan, shall be promptly distributed by the Administrative Agent to the Banks that made such Syndicated Loans so that each such Bank receives a portion of such payment equal to the amount of interest then owing to such Bank on such Loans multiplied by a fraction, the denominator of which is the total amount of interest then owing to all such Banks on such Loans and the numerator of which is the amount of such payment. Payments of principal of any Dollar Bid-Option Loans that comprise a Dollar Bid-Option Borrowing shall be promptly distributed by the Administrative Agent to the Banks that made such Dollar Bid-Option Loans ratably in accordance with their respective Dollar Bid-Option Percentages together with interest ratably in accordance with the respective interest rates applicable to such Loans.

(c) During any period when Dollar Bid-Option Loans are outstanding, if the Administrative Agent cannot reasonably determine whether a particular payment received by the Administrative Agent from the applicable Borrower was intended to be applied to the principal of or interest on one or more Dollar Bid-Option Borrowings or to the principal of or interest on Syndicated Borrowings, or if the amount of any payment by the Borrowers is insufficient to pay all amounts then due and payable with respect to Dollar Bid-Option Loans and Syndicated Loans (including Substitute Loans), the Administrative Agent shall first apportion such payment between the Dollar Bid-Option Loans and the Syndicated Loans (including Substitute Loans) (i) if such payment is of principal, ratably in accordance with the aggregate principal amount of each such type of Loans on which payment is then due, and (ii) if such payment is of interest, ratably in accordance with the aggregate amount of interest that is then due on each such type of Loans. After such apportionment, (i) the Administrative Agent shall distribute the portion of the payment received and allocated to the Syndicated Loans (including Substitute Loans) to the Banks as provided for payments of principal of or interest on, as the case may be, Syndicated Loans under Section 4.4(b), and (ii) the portion of the payment received and allocated to the Dollar Bid-Option Loans on which a payment is then due shall first be allocated among the different Dollar Bid-Option Borrowings of which such Dollar Bid-Option Loans are a part (A) if such payment is of principal, ratably in accordance with the aggregate principal amount of each such Dollar Bid-Option Borrowing, and (B) if such payment is of interest, ratably in accordance with the

47

55

aggregate amount of interest that is then due on each such Dollar Bid-Option Borrowing. After such allocation, the Administrative Agent shall distribute the amount allocated to each Dollar Bid-Option Borrowing to the Banks that made the Dollar Bid-Option Loans comprising such Dollar Bid-Option Borrowing ratably in accordance with their respective Dollar Bid-Option Percentages.

(d) Any prepayments of Bid-Option Loans made under Section

4.2(d) may be applied to any one or more Bid-Option Borrowings as the Borrowers may select; provided that such payments of principal shall be applied by the Administrative Agent, in the case of Dollar Bid-Option Loans, or made directly by the Borrowers, in the case of Alternate Currency Bid-Option Loans, to the Banks participating in any such Bid-Option Borrowing ratably in accordance with their respective Dollar Bid-Option Percentages or Alternate Currency Bid-Option Percentages, as the case may be together with interest ratably in accordance with the respective interest rates applicable to such Loans.

4.5 Computation of Interest and Fees. Except as may be otherwise prescribed in the applicable Alternate Currency Addendum, facility fees, Administrative Agent fees and Letter of Credit fees, and interest on the Floating Rate Loans and Alternate Currency Syndicated Loans and other amounts due hereunder, other than Fixed Rate Loans (other than Alternate Currency Syndicated Loans), shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. Interest on the Fixed Rate Loans shall be computed on the basis of a year of 360 days and actual days elapsed.

4.6 No Setoff or Deduction. All payments of principal of and interest on the Loans and other amounts payable by the Borrowers hereunder shall be made by the Borrowers without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority.

4.7 Types for all Loans. The Syndicated Loans (other than Alternate Currency Syndicated Loans) may be Floating Rate Loans or Eurodollar Rate Loans, or a combination thereof, selected by the applicable Borrower in accordance with Section 4.8. The Term Loans and Revolving Loans made on the Closing Date shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurodollar Rate Loans as provided in Section 4.8. The applicable Borrower may select, in accordance with Section

4.8, Types and Interest Periods applicable to portions of the Revolving Loans and the Term Loans. Notwithstanding anything herein to the contrary, the Borrower may not, without the written consent of the Administrative Agent, select the Eurodollar Rate with Interest Periods other than seven (7) or fourteen (14) days for any Loans during the Syndication Period.

48

56

4.8 Method of Selecting Types and Interest Periods for Conversion and Continuation of Loans.

(A) Right to Convert. The Borrowers may elect from time to time, subject to the provisions of Section 4.7 and this Section 4.8, to convert all or any part of a Loan (other than a Swing Line Loan, an Alternate Currency Syndicated Loan or a Bid-Option Loan) of any Type into any other Type or Types of Loans; provided that any conversion of any Eurodollar Rate Syndicated Loan shall be made on, and only on, the last day of the Interest Period applicable thereto, unless the applicable Borrower makes the payments required pursuant to Section 5.5.

(B) Automatic Conversion and Continuation. Floating Rate Loans shall continue as Floating Rate Loans unless and until such Floating Rate Loans are converted into Eurodollar Rate Syndicated Loans. Eurodollar Rate Syndicated Loans shall continue as Eurodollar Rate Syndicated Loans until the end of the then applicable Interest Period therefor, at which time such Eurodollar Rate Syndicated Loans shall be automatically converted into Floating Rate Loans unless the Borrower shall have given the Administrative Agent notice requesting that, at the end of such Interest Period, such Eurodollar Rate Syndicated Loans continue as a Eurodollar Rate Syndicated Loan.

(C) No Conversion After Default. Notwithstanding anything to the contrary contained in Section 4.8(A) or Section 4.8(B), no Loan may be converted into or continued as a Eurodollar Rate Syndicated Loan if the Required Banks so direct after any Default or Event of Default has occurred and is continuing.

(D) Conversion/Continuation Notice. The Borrowers shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice"), in substantially the form attached hereto as Exhibit T or Exhibit C-1, as applicable, of each conversion of a Floating Rate Loan into a Eurodollar Rate Syndicated Loan or continuation of a Eurodollar Rate Syndicated Loan not later than 11:00 a.m. (Detroit time) three Business Days prior to the date of the requested conversion or continuation, specifying: (1) the requested date (which shall be a Business Day) of such conversion or continuation; (2) the amount and Type of the Loan to be converted or continued; and (3) the amounts of Eurodollar Rate Syndicated Loan(s) into which such Loan is to be converted or continued and the duration of the Interest Periods applicable thereto.

4.9 Other Provisions Applicable to Alternate Currency Loans. The specification of payment of Alternate Currency Loans in the related Alternate Currency at a specific place pursuant to this Agreement is of the essence. Such Alternate Currency shall be the currency of account and payment of such Loans under this Agreement and the Notes. Notwithstanding anything in this Agreement, the obligation of the applicable Borrower in respect of such Loans shall not be discharged by an amount paid in any other currency or at another place, whether pursuant to a judgment or otherwise, to the extent the amount so paid, on prompt conversion into the applicable Alternate Currency and transfer to such Bank under normal banking procedure, does not yield the amount of such Alternate Currency due under this Agreement and the Notes. In the event that any payment, whether pursuant to a judgment or otherwise, upon conversion and transfer, does not result in payment

of the amount of such Alternate Currency due under this Agreement and the Notes, such Bank shall have an independent cause of action against the Borrowers for the currency deficit.

ARTICLE V.

CHANGE IN CIRCUMSTANCES

5.1 Impossibility; Interest Rate Inadequate or Unfair. (a) If before the beginning of any Eurodollar Rate Interest Period:

(i) the Administrative Agent is advised by any Reference Bank that deposits in Dollars (in the applicable amounts) are not being offered to such Reference Bank in the relevant market for such Eurodollar Rate Interest Period, or

(ii) the Required Banks advise the Administrative Agent that the Eurodollar Base Rate will not adequately and fairly reflect the cost to such Banks of maintaining, making or funding, for such Eurodollar Rate Interest Period, Eurodollar Rate Syndicated Loans to which such Eurodollar Rate Interest Period applies,

the Administrative Agent shall forthwith give notice thereof to the Borrowers and the Banks, whereupon until the Administrative Agent notifies the Borrowers that the circumstances giving rise to such suspension no longer exist, the obligations, if any, of the Banks to make Eurodollar Rate Loans, as the case may be, shall be suspended. In the case of Eurodollar Rate Loans, unless the Borrowers notify the Administrative Agent not later than 3:00 p.m. (Detroit time) on the Business Day before the beginning of such Eurodollar Rate Interest Period that the Borrowers elect not to borrow on such date, such Borrowing shall, subject to the provisions of Section 8.1, be a Floating Rate Borrowing. Promptly after the Administrative Agent receives any such notice from the Borrowers under this Section 5.1(a), the Administrative Agent shall notify each Bank of the contents thereof. Any such notice from the Borrowers shall be irrevocable once the Administrative Agent begins notifying any Bank of the contents thereof.

(b) If deposits in Dollars (in the applicable amounts) are not being offered to a Reference Bank in the relevant market for any Eurodollar Rate Interest Period, by reason of circumstances affecting such Reference Bank and not affecting the London or Nassau Interbank Market, generally, the Administrative Agent shall, in consultation with the Borrowers and with the consent of the Required Banks, appoint another Bank to act as a Reference Bank hereunder.

5.2 Illegality. If, after the date of this Agreement, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by any

50

58

Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for such Bank (or its Applicable Lending Office) to honor its binding legal obligations, if any, hereunder to make, maintain or fund any type of Fixed Rate Loans, such Bank shall so notify the Administrative Agent, and the Administrative Agent shall forthwith give notice thereof to the Borrowers, whereupon until such Bank notifies the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation, if any, of such Bank to make such type of Fixed Rate Loans shall be suspended. Before any Bank gives any notice of unlawfulness or impossibility to the Administrative Agent under this Section 5.2, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. Upon receipt of such notice, the applicable Borrowers shall prepay in full the then outstanding principal amount of each affected Fixed Rate Loan of such Bank together with accrued interest thereon

(a) on the last day of the then current Interest Period applicable to such Loan if such Bank may lawfully continue to maintain and fund such Loan to such day, or (b) immediately if such Bank may not lawfully continue to fund and maintain such Loan to such day. Concurrently with prepaying each such Fixed Rate Loan, the applicable Borrowers shall borrow a Floating Rate Loan (or, if the applicable Borrowers so elect by at least three Business Days' notice to the Administrative Agent and such Bank, a Eurodollar Rate Syndicated Loan of an unaffected type) in an equal principal amount from such Bank, for an Interest Period coinciding with the remaining term of the Interest Period applicable to such Fixed Rate Loan, and such Bank shall make such a Loan, provided that there has been no acceleration of the amounts due under the Notes pursuant to Article IX.

5.3 Increased Cost; Yield Protection.

(a) If, after the date hereof, the introduction of, or any change in, any applicable law, treaty, rule or regulation (whether domestic or foreign and including, without limitation, the Federal Deposit Insurance Act, as amended, and Regulation D of the Board of Governors of the Federal Reserve System) or in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive of any such authority, central bank or comparable agency (whether or not having the force of law),

(i) shall subject any Bank (or its Applicable Lending Office) to any tax, duty or other charge with respect to its obligation to make any Loans, its Notes, any of its Loans or any of the Letters of Credit or shall change the basis of taxation of payments to any Bank (or its Applicable Lending Office) of the principal of or interest on any of its Fixed Rate Loans or in respect of its obligation, if any, to make any Loans or to participate in the risk of Letters of Credit (except for changes in the rate of tax on the overall net income of such Bank or its Applicable Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Applicable Lending Office is located), or

51

59

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Rate Syndicated Loan any reserve requirements to the extent included in clause (b) of the definition of Eurodollar Base Rate when calculating the Eurodollar Base Rate with respect to such Eurodollar Rate Syndicated Loan), special deposit or similar requirement (including, without limitation, any deposit insurance assessment in respect of deposits held outside the United States, against assets of, deposits with or for the account of, or credit extended by, any Bank's Applicable Lending Office, or shall impose on any Bank (or its Applicable Lending Office or the relevant interbank market or the United States certificate of deposit market) any other condition affecting its obligation, if any, to make Loans or to participate in the risk of Letters of Credit or affecting its Loans or the Letters of Credit or affecting the Borrowers' obligations under the Notes in respect of such Loans,

and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining its existing or future Fixed Rate Loans or of participating in the risk of Letters of Credit, or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) under this Agreement or under the Notes (in respect of Fixed Rate Loans or Letters of Credit) by an amount deemed by such Bank to be material, then such Bank may notify the Borrowers (with a copy of any such notice to be provided to the Administrative Agent) of any such fact of which it has knowledge and demand compensation therefor; provided that, if such Bank fails to demand such compensation (or notify the Borrowers that it will or may demand such compensation) promptly upon becoming aware of the facts entitling it to do so or, if such Bank is contesting the cause of such increased cost or reduced sum received or receivable, promptly after the earlier of (A) the final determination of such contest or (B) an officer of such Bank who is responsible for the administration of the credit outstanding under this Agreement from such Bank to the Borrowers becoming aware of such facts, such Bank shall not be entitled to such compensation for the period before the date on which it actually demands (or notifies the Borrowers that it will or may demand) such compensation; provided, further, that if such Bank is contesting the cause of such increased cost or reduced sum received or receivable, such Bank shall not in any event be entitled to such compensation for any period prior to six months before it notifies the Borrowers that such Bank may or will demand such compensation. The Borrowers agree to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction within 15 days after demand by such Bank. A certificate of such Bank setting forth the basis for determining such additional amount or amounts necessary to compensate such Bank shall be conclusive in the absence of manifest error. Each such Bank will designate a different Applicable Lending Office if such designation would avoid the need for, or reduce the amount of such compensation and would not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. In the event that any Borrower is required to compensate any Bank for any increased cost to such Bank pursuant to this Section 5.3(a), such Borrower shall have the right, upon at least five Business Days' prior notice to such Bank through the Administrative Agent,

52

60

to prepay in full any outstanding Fixed Rate Loans that are related to such increased cost of such Bank, together with accrued interest thereon to the date of prepayment; provided that prepayment of such Fixed Rate Loans shall not relieve such Borrower of its obligation to compensate such Bank in accordance with this Section 5.3(a), the amount of which compensation shall be due at the time of such prepayment, notwithstanding any other provision of this Section

5.3(a). Concurrently with prepaying each such Fixed Rate Loan of such Bank, such Borrower shall borrow a Floating Rate Loan (or, if such Borrower shall so elect in its notice of prepayment, a Fixed Rate Loan of another Type) in an equal principal amount from such Bank for an Interest Period coinciding with the remaining term of the Interest Period applicable to such Fixed Rate Loan, and such Bank shall make such a Floating Rate Loan (or Fixed Rate Loan of the other Type), provided that there has been no acceleration of the amount due under the Notes pursuant to Article IX. The Borrowers shall pay compensation owing to any Bank(s) under this Section 5.3(a) notwithstanding any subsequent replacement (pursuant to Section 11.13) of the Bank(s) making demand for such compensation.

(b) In the event that any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to any Bank or Administrative Agent, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank or Administrative Agent with any guideline, request or directive of any such authority (whether or not having the force of law), including any risk-based capital guidelines, affects or would affect the amount of capital required or expected to be maintained by such Bank or the Administrative Agent (or any corporation controlling such Bank or the Administrative Agent) and such Bank or the Administrative Agent, as the case may be, determines that the amount of such capital is increased by or based upon the existence of such Bank's or Agent's obligations or Loans hereunder and such increase has the effect of reducing the rate of return on such Bank's or Agent's (or such controlling corporation's) capital as a consequence of such obligations or Loans hereunder to a level below that which such Bank or the Administrative Agent (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank or the Administrative Agent to be material, then such Bank or the Administrative Agent may notify the Borrowers of any such fact of which it has knowledge and the Borrowers shall pay to such Bank or the Administrative Agent, as the case may be, from time to time, upon request by such Bank (with a copy of such request to be provided to the Administrative Agent) or the Administrative Agent, additional amounts sufficient to compensate such Bank or Administrative Agent (or such controlling corporation) for any increase in the amount of capital and reduced rate of return which such Bank or the Administrative Agent reasonably determines to be allocable to the existence of such Bank's or Agent's obligations or Loans hereunder; provided that, if such Bank or the Administrative Agent fails to notify the Borrowers of any such fact promptly upon becoming aware thereof or, if such Bank or the Administrative Agent is contesting the cause of such increase in the amount of capital or reduced rate of return, promptly after the earlier of (A) the final determination of such contest or (B) an officer of such Bank who is responsible for the administration of the credit outstanding under this Agreement from such Bank to the Borrowers becoming aware of any such fact, such Bank or the Administrative Agent, as the case may be, shall not be entitled to such compensation for the period before the date on which it actually notifies the Borrowers of such fact; provided, further, that if such Bank or the

53

61

Administrative Agent is contesting the cause of such increase in the amount of capital or reduced rate of return, such Bank or the Administrative Agent, as the case may be, shall not in any event be entitled to such compensation for any period prior to six months before it notifies the Borrowers that such Bank or the Administrative Agent, as the case may be, may or will demand such compensation. A statement as to the amount of such compensation, prepared in good faith and in reasonable detail by such Bank or the Administrative Agent, as the case may be, and submitted by such Bank or Administrative Agent to the Borrowers, shall be conclusive in the absence of manifest error in computation. The Borrowers shall pay such compensation for the periods covered by such notice notwithstanding any replacement (pursuant to Section 11.13) of the Bank(s) making demand for such compensation.

5.4 Substitute Loans. If (a) the obligation, if any, of any Bank to make any type of Fixed Rate Loans has been suspended pursuant to Section 5.2 or

(b) any Bank has demanded compensation under Section 5.3(a) and the Borrowers shall, by at least five Business Days' prior notice to such Bank through the Administrative Agent, have elected that the provisions of this Section 5.4 shall apply to such Bank, then, unless and until such Bank notifies the Borrowers that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Bank as the affected type of Fixed Rate Loans shall be made instead as Floating Rate Loans, for an Interest Period coincident with the related Fixed Rate Borrowing, and

(ii) after each of its affected Fixed Rate Loans has been repaid, all payments of principal which would otherwise be applied to repay such Fixed Rate Loans shall be applied to repay its Substitute Loans instead.

5.5 Funding Losses. If any Borrower makes any payment of principal with respect to any Fixed Rate Loan on any other date than the last day of an Interest Period applicable thereto (whether pursuant to Section 3.10, 4.2 (other than 4.2(f)), 5.1, 5.2, 5.3 or 5.4, Article IX or otherwise), or if the applicable Borrower fails to borrow any Fixed Rate Loan after the related Notice of Borrowing has been given to the Administrative Agent, or if the applicable Borrower fails to make any payment of principal or interest in respect of a Fixed Rate Loan when due, the applicable Borrower shall reimburse each Bank on demand for any resulting loss or expense incurred by such Bank, including without limitation any loss incurred in obtaining, liquidating or employing deposits from third parties, whether or not such Bank shall have funded or committed to fund such Loan. A statement as to the amount of such loss or expense, prepared in good faith and in reasonable detail by such Bank and submitted by such Bank to the applicable Borrower, shall be conclusive and binding for all purposes absent manifest error in computation. Calculation of all amounts payable to each Bank under this Section 5.5 shall be made as though such Bank shall have actually funded or committed to fund the relevant Fixed Rate Loan through the purchase of an underlying deposit in an amount equal to the amount of such Loan and having a maturity comparable to the related Interest Period; provided, however, that such Bank may fund any Fixed Rate Loan in any manner it sees fit and the foregoing assumption shall be utilized only for the purpose of calculation of amounts payable under this Section 5.5. In connection with any

assignment by any Bank of any portion of the Loans made pursuant to Section 11.6 and made during the Syndication Period, and if, notwithstanding the provisions of Section 4.7, the Borrowers have requested and the Administrative Agent has consented to the use of the Eurodollar Rate with an Interest Period other than seven (7) or fourteen (14) days, the Borrowers shall be deemed to have repaid all outstanding Eurodollar Rate Loans as of the effective date of such assignment and reborrowed such amount as a Floating Rate Loan and/or Eurodollar Rate Loan (chosen in accordance with the provisions of Section 4.7) and the indemnification provisions under this Section 5.5 shall apply.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

Each Borrower hereby represents and warrants to the Administrative Agent and the Banks that:

6.1 Corporate Existence and Power. Each of MascoTech and its Domestic Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the State of its incorporation, and is duly qualified as a foreign corporation in each State or other jurisdiction in the United States of America in which the conduct of its operations or the ownership of its properties requires such qualification and failure so to qualify would materially and adversely affect MascoTech and its Subsidiaries taken as a whole. All of such corporations have all requisite corporate power to own their properties and to carry on their businesses, considered as a whole, substantially as now owned and as now being conducted. Each of the Borrowers has full power, authority and legal right to execute and deliver this Agreement and the Notes, to perform and observe the terms and provisions hereof and thereof, and to borrow hereunder.

6.2 Corporate Authority; No Violations; Governmental Filings; Etc. The execution, delivery and performance by each of the Borrowers of this Agreement, the issuance of the Notes and the borrowings hereunder have been duly authorized by all necessary corporate action and do not and will not violate the provisions of any applicable law or regulation or of the certificate of incorporation or by-laws of MascoTech or any Subsidiary or any order of any court, regulatory body or arbitral tribunal and do not and will not result in the breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance upon any property or assets of MascoTech or any Subsidiary pursuant to, any indenture or other agreement or instrument to which MascoTech or any Subsidiary is a party or by which MascoTech or any Subsidiary or its property may be bound or affected. Neither the execution, delivery and performance of this Agreement nor the issuance of the Notes nor any borrowing hereunder requires, for the validity thereof, nor does the enforceability of this Agreement or any of the Notes require, any filing with, or consent, authorization or approval of, any state or federal agency or regulatory authority, other than filings, consents or approvals which have been made or obtained or which, in the case of any such borrowing, will be made or obtained prior to the due date for such filing, consent or approval.

55

63

6.3 Binding Effect. This Agreement constitutes, and the Notes when executed and delivered by each Borrower for value will constitute, the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms.

6.4 Litigation. There are no suits, proceedings, or actions at law or in equity or by or before any governmental commission, board, bureau, or other administrative agency, pending or, to the knowledge of the Borrowers, threatened against MascoTech or any of its Subsidiaries or affecting MascoTech or any of its Subsidiaries, which, in the reasonable opinion of MascoTech, either (i) are likely to have a material adverse effect on the financial condition or business of MascoTech and its Subsidiaries taken as a whole or (ii) will in any manner affect the enforceability or validity of this Agreement or any Note.

6.5 Taxes. MascoTech and each Subsidiary has filed (or has obtained extensions of the time by which it is required to file) all United States federal income tax returns, and all other tax returns which are required to be filed and are material to the business, operations or financial position of MascoTech and its Subsidiaries taken as a whole, and has paid all taxes shown due pursuant to such returns or pursuant to any assessment received by MascoTech or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which, in the reasonable opinion of MascoTech, adequate reserves have been provided in accordance with generally accepted accounting principles. MascoTech does not know of any proposed tax assessment against it or any Subsidiary or of any basis for one, except to the extent any such assessment has been, in the reasonable opinion of MascoTech, adequately provided for in the consolidated tax reserves of MascoTech and its Subsidiaries in accordance with generally accepted accounting principles.

6.6 Financial Condition. The consolidated balance sheet of MascoTech and its Consolidated Subsidiaries and consolidated statements of income, shareholders' equity and cash flows of MascoTech and its Consolidated Subsidiaries for the fiscal year ended December 31, 1996, certified by Coopers & Lybrand, independent certified public accountants, and the interim unaudited consolidated balance sheet and interim unaudited consolidated statements of income, shareholders' equity and cash flows of MascoTech and its Consolidated Subsidiaries, as of or for the nine-month period ended on September 30, 1997, copies of which have been furnished to the Banks, fairly present the consolidated financial position of MascoTech and its Consolidated Subsidiaries as at the dates thereof, and the consolidated results of operations of MascoTech and its Consolidated Subsidiaries for the respective periods indicated, all in accordance with generally accepted accounting principles consistently applied (except as disclosed in the notes thereto and subject, in the case of interim statements, to year-end audit adjustments). Except as disclosed in the financial statements as of or for the nine-month period ended September 30, 1997, there has been no material adverse change in the consolidated operations or condition, financial or otherwise, of MascoTech and its Consolidated Subsidiaries considered as a whole, since December 31, 1996.

6.7 Compliance with ERISA. Each of MascoTech and each ERISA Affiliate of MascoTech (a) has fulfilled its obligations under the minimum funding standards of ERISA and the

56

64

Code with respect to each Plan and (b) is in compliance in all material respects with the presently applicable provisions of ERISA and the Code with respect to each Plan. Neither MascoTech nor any ERISA Affiliate of MascoTech has (x) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (y) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code, in each case securing an amount greater than \$10,000,000, or (z) incurred any liability under Title IV of ERISA, other than a liability to the PBGC for premiums under Section 4007 of ERISA, which could materially adversely affect the business, consolidated financial position or consolidated results of operations of MascoTech and its Consolidated Subsidiaries.

6.8 Environmental Matters. In the ordinary course of its business, MascoTech conducts appropriate reviews of the effect of Environmental Laws on the business, operations and properties of MascoTech and its Subsidiaries, in the course of which it identifies and evaluates pertinent liabilities and costs (including, without limitation, capital or operating expenditures required for clean-up or closure of properties presently or previously owned or for the lawful operation of its current facilities, required constraints or changes in operating activities, and evaluation of liabilities to third parties, including employees, together with pertinent costs and expenses). On the basis of this review, MascoTech has reasonably concluded that Environmental Laws are not likely to have a material adverse effect on the business, financial position or results of operations of MascoTech and its Consolidated Subsidiaries, considered as a whole.

6.9 Compliance with Laws. MascoTech complies, and has caused each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where (a) the necessity of compliance therewith is contested in good faith by appropriate proceedings and MascoTech has established appropriate reserves for liability for noncompliance therewith in accordance with generally accepted accounting principles, (b) no officer of MascoTech is aware that MascoTech or the relevant Subsidiary has failed to comply therewith, or (c) MascoTech has reasonably concluded that failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations of MascoTech and its Consolidated Subsidiaries, taken as a whole.

6.10 Subordinated Debt. The existing Subordinated Debt evidenced by the 4 1/2% Convertible Subordinated Debentures due 2003 in the original principal amount of \$345,000,000 is and shall be subordinated to all Loans under this Agreement on the same terms that are applicable to the Existing Bank Facility.

57

65

ARTICLE VII.

COVENANTS

Until all the Commitments and Letters of Credit have expired or been terminated and all Loans and reimbursement and other obligations (other than contingent indemnification obligations) of the Borrowers hereunder have been paid in full, each of the Borrowers covenants that:

7.1 Financial Statements. MascoTech will deliver to each of the Banks:

(a) as soon as practicable and in any event within 50 days after the end of each of the first three fiscal quarters of each fiscal year of MascoTech, (i) an unaudited consolidated balance sheet of MascoTech and its Consolidated Subsidiaries, as at the end of each such quarter, and (ii) unaudited consolidated statements of income and cash flows of MascoTech and its Consolidated Subsidiaries, for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each of the statements required by this subsection (a), in comparative form, corresponding figures as of the end of and for the corresponding period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of MascoTech as having been prepared in all material respects in accordance with generally accepted accounting principles and as to fairness of presentation;

(b) as soon as practicable and in any event within 95 days after the end of each fiscal year of MascoTech, (i) a consolidated balance sheet of MascoTech and its Consolidated Subsidiaries, as at the end of such year, and (ii) consolidated statements of income, shareholders' equity, and cash flows of MascoTech and its Consolidated Subsidiaries for such year, setting forth in each of the statements required by this subsection (b), in comparative form, corresponding figures as of the end of and for the preceding fiscal year, and all in reasonable detail and certified without material qualifications by Coopers & Lybrand, or by other independent certified public accountants of recognized national standing selected by MascoTech and reasonably acceptable to the Administrative Agent;

(c) as soon as practicable and in any event within 30 days after the sending or filing thereof, copies of all such financial statements and reports as it shall send to its security holders and of all final prospectuses under the Securities Act of 1933 (other than form S-8), reports on forms 10-Q, 10-K and 8-K and all similar regular and periodic reports filed by it (i) with any federal department, bureau, commission or agency from time to time having jurisdiction with respect to the sale of securities or (ii) with any securities exchange;

(d) if and when MascoTech or any ERISA Affiliate of MascoTech

(i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given

58

66

to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer, any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of MascoTech setting forth details as to such occurrence and action, if any, which MascoTech or applicable ERISA Affiliate is required or proposes to take; provided that no such certificate shall be required unless the aggregate unpaid actual or potential liability of MascoTech and the ERISA Affiliates involved in all events referred to in clauses (ii) through (vii) above of which officers of MascoTech have obtained knowledge and have not previously reported under this subparagraph (d) exceeds \$15,000,000; and

(e) with reasonable promptness, such other information regarding the financial condition of MascoTech or any of its Subsidiaries as any Bank may from time to time reasonably request.

7.2 Certificates of No Default and Compliance.

(a) Concurrently with each delivery of the financial statements pursuant to subsections (a) and (b) of Section 7.1, MascoTech will deliver to the Administrative Agent (with a copy delivered to each Bank) a certificate, signed by the chief accounting officer or chief financial officer of MascoTech

(i) stating that to the best of his knowledge after due inquiry, at the date of such financial statements no Default had occurred and was continuing, or, if a Default had occurred and was continuing, specifying the nature and period of existence thereof and what action MascoTech has taken or proposes to take with respect thereto; (ii) setting forth as of the date of such financial statements, in reasonable detail, the calculations employed to determine compliance with Sections 4.2(f) (but, in the case of any Asset Sale, only to the extent that the aggregate amount of Net Cash Proceeds during the immediately preceding twelve months exceeds \$25,000,000), 7.4, 7.5, 7.6, 7.7, 7.8, 7.9 and 7.15 and an explanation in reasonable detail of any differences between generally accepted accounting principles as then in effect and generally accepted accounting principles used in making such calculations, as may be permitted under Section

1.2. The certificate will be accompanied by a calculation of the Senior Debt Coverage Ratio as of the end of such fiscal quarter (calculated on a pro forma basis as appropriate).

(b) Within 60 days after the end of each fiscal quarter of each fiscal year of MascoTech (including the last fiscal quarter of each fiscal year), MascoTech will deliver to the Administrative Agent (with a copy delivered to each Bank) a certificate, signed by the chief accounting

59

67

officer, chief financial officer, treasurer or assistant treasurer of MascoTech, setting forth in reasonable detail the calculation of the Leverage Ratio, as of the Determination Date with respect to the next forthcoming Application Period, and identifying the Applicable Margin for such Application Period as a result of such calculations.

(c) Within fifteen Business Days after any officer of MascoTech obtains knowledge of a Default, MascoTech will, unless the same shall have been cured within such fifteen Business Day period, give written notice to each of the Banks thereof, specifying the nature thereof, the period of existence thereof and what action MascoTech proposes to take with respect thereto.

7.3 Preservation of Corporate Existence, Etc. MascoTech will preserve and maintain its corporate existence, and qualify and remain qualified as a validly existing corporation in good standing in each jurisdiction in which the conduct of its operations or the ownership of its properties requires such qualification and failure so to qualify would materially and adversely affect MascoTech and its Subsidiaries taken as a whole.

7.4 Minimum Capitalization. MascoTech shall not permit its Adjusted Net Worth at any time to be less than the sum of (a) \$650,000,000 plus (b) sixty percent (60%) of (i) Net Income calculated separately for each fiscal year of MascoTech ending after the Closing Date minus (ii) the aggregate amount of dividends paid on any preferred stock of MascoTech during such period to the extent permitted by Section 7.15 minus (c) on or after March 31, 2002, \$200,000,000; provided however, that if such Net Income is negative in any fiscal year, the amount added for such fiscal year shall be zero and such negative Net Income shall not reduce the amount of such Net Income added for any other fiscal year.

7.5 Fixed Charge Coverage Ratio. MascoTech shall maintain a ratio ("Fixed Charge Coverage Ratio") as of the end of each fiscal quarter of (i) EBITDA minus Capital Expenditures to (ii) the sum of the amounts of (a) Interest Charges plus (b) scheduled amortization payments of the principal portion of the Term Loans (exclusive of the installment due January 31, 2002) and scheduled amortization payments of the principal portion of all other Debt of MascoTech and its Consolidated Subsidiaries with an original maturity in excess of one year plus (c) cash taxes paid by MascoTech and its Consolidated Subsidiaries (excluding cash taxes with respect to gains not included in EBITDA) of at least:

(i) 1.10 to 1.00 as of the last day of each fiscal quarter ending during the period commencing with the fiscal quarter ending March 31, 1998 through the fiscal quarter ending June 30, 2000; and

(ii) 1.15 to 1.00 as of the last day of each fiscal quarter ending thereafter until the Termination Date.

In each case, the Fixed Charge Coverage Ratio shall be determined as of the last day of each fiscal quarter for the four fiscal quarter period ending on such day, except that Capital Expenditures shall be

60

68

calculated using an amount equal to fifty percent of the Capital Expenditures during the eight fiscal quarter period ending on such day.

7.6 Maximum Leverage Ratio. MascoTech shall not, as of the last day of each fiscal quarter, permit the ratio (the "Leverage Ratio") of (i) the sum of (a) the aggregate principal amount of Debt of MascoTech and its Consolidated Subsidiaries outstanding at such date plus (b) the amount by which the sum of the outstanding Synthetic Lease Amount and the outstanding Securitization Amount exceeds \$50,000,000 as of such date minus (c) the aggregate amount of Cash and Cash Equivalents maintained in the United States in excess of \$10,000,000 as of such date to (ii) EBITDA plus an amount equal to any reduction in EBITDA attributable to any interest, rental or servicing expense related to any Synthetic Lease Agreement or Receivables Sale to the extent such amounts are included in the amount in excess of \$50,000,000 determined as provided in clause (i)(b) of this Section 7.6, for the four fiscal quarters then most recently ended, to be greater than the ratio set forth below opposite such date:

Quarter Ending	Ratio
March 31, 1998	4.85 to
1.00	
June 30, 1998	4.85 to
1.00	
September 30, 1998	4.75 to
1.00	
December 31, 1998	4.50 to
1.00	
March 31, 1999	4.50 to
1.00	
June 30, 1999	4.50 to
1.00	
September 30, 1999	4.50 to
1.00	
December 31, 1999	4.25 to
1.00	
March 31, 2000	4.25 to
1.00	
June 30, 2000	4.00 to
1.00	
September 30, 2000	4.00 to
1.00	
December 31, 2000	3.75 to
1.00	
March 31, 2001	3.75 to
1.00	
June 30, 2001	3.50 to
1.00	
September 30, 2001	3.50 to
1.00	
December 31, 2001	3.00 to
1.00	
and the last day of each fiscal quarter thereafter	

61

69

7.7 Subsidiary Indebtedness. MascoTech will not permit or suffer the aggregate principal amount of Debt of its Subsidiaries (other than Debt owing to MascoTech or any of its Subsidiaries or Debt outstanding under this Agreement or any Note) at any time to be greater than \$100,000,000.

7.8 Negative Pledge. MascoTech shall not, nor shall MascoTech permit any Consolidated Subsidiary to create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement securing Debt outstanding on the date of this Agreement in an aggregate principal amount not exceeding \$25,000,000;

(b) any Lien existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary and not created in contemplation of such event;

(c) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset (or acquiring a corporation or other entity which owned such asset), provided that such Lien attaches to such asset concurrently with or within 90 days after such acquisition;

(d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into MascoTech or a Consolidated Subsidiary and not created in contemplation of such event;

(e) any Lien existing on any asset prior to the acquisition thereof by MascoTech or a Consolidated Subsidiary and not created in contemplation of such acquisition;

(f) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section, provided that such Debt is not increased and is not secured by any additional assets;

(g) any Lien in favor of the holder of Debt (or any Person acting for or on behalf of such holder) arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings and MascoTech or such Consolidated Subsidiary, as the case may be, has established appropriate reserves against such claims in accordance with generally accepted accounting principles;

(h) Liens incidental to the normal conduct of its business or the ownership of its assets which (i) do not secure Debt and (ii) do not in the aggregate materially detract (due to the amount of the liability secured by such Liens or otherwise) from the value of the assets of MascoTech and its Consolidated Subsidiaries taken as a whole or in the aggregate materially

62

70

impair the use thereof in the operation of the business of MascoTech and its Consolidated Subsidiaries taken as a whole;

(i) any Lien securing Debt incurred under this Agreement; and

(j) Liens not otherwise permitted by the foregoing clauses of this Section; provided that (i) the aggregate outstanding principal amount of Debt secured by all such Liens on Current Assets shall not at any time exceed 10% of Current Assets and (ii) the aggregate outstanding principal amount of Debt secured by all such Liens (including Liens referred to in clause (i) of this proviso) shall not at any time exceed the sum of 5% of Net Worth plus 10% of Current Assets, provided, further, that for purposes of this Section 7.8(i), Current Assets shall not include any assets that are classified as Current Assets solely because they are held for sale;

provided, however, that the restrictions set forth in this Section 7.8 shall not apply to "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System), if and to the extent that the value of the margin stock with respect to which the rights of MascoTech and its Subsidiaries are restricted by this Section 7.8 would otherwise exceed 25% of the value of all assets with respect to which the rights of MascoTech and its Subsidiaries are restricted by this Section 7.8.

7.9 Dispositions of Assets; Mergers and Consolidations.

(a) (i) MascoTech will not merge or consolidate with any other Person, unless MascoTech shall be the continuing or surviving corporation of such merger or consolidation. (ii) No Consolidated Subsidiary of MascoTech will merge or consolidate with any Person other than MascoTech (subject to subsection (a)(i)) or another Consolidated Subsidiary, unless such Consolidated Subsidiary shall be the continuing or surviving corporation, except to the extent the sale of such Consolidated Subsidiary would be permitted pursuant to subsection (b) of this Section.

(b) MascoTech will not, and will not permit any Consolidated

Subsidiary to, directly or indirectly sell, lease, transfer or otherwise dispose of its assets (other than the sale of inventory in the ordinary course of business) if, immediately after giving effect thereto, the aggregate amount of such assets (including the Receivables Sales Amount in the case of Receivables Sales) sold, leased, transferred or otherwise disposed of by MascoTech and its Consolidated Subsidiaries in the twelve months then ended would exceed 10% of the total assets of MascoTech and its Consolidated Subsidiaries as shown on the most recent balance sheet delivered to the Banks under Section 7.1; provided, however, that the restrictions set forth in this Section 7.9(b) shall not restrict or prohibit sales of "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for fair value as determined in good faith by the Board of Directors of MascoTech, if and to the extent that the value of the margin stock with respect to which the rights of MascoTech and its Subsidiaries are restricted by this Section 7.9(b) would otherwise exceed 25% of the value of all assets with respect to which the rights of MascoTech and its Subsidiaries are restricted by this Section 7.9(b). Other than margin stock consisting of the stock of TriMas Corporation, MascoTech will not own,

directly or through one or more of its Subsidiaries, margin stock with a value in excess of 25% of the value of all assets of MascoTech and its Subsidiaries.

(c) Notwithstanding any other provision of this Section 7.9, no disposition of assets, merger or consolidation referred to in subsection (a) or (b) of this Section shall be permitted if, immediately after giving effect thereto, any Default would exist.

7.10 Changes in Subordinated Debt. MascoTech will not (a) transfer, convey, assign or deliver to any holder of any Subordinated Debt, or to any trustee, paying agent or other fiduciary for the benefit of the holder of any Subordinated Debt (including any defeasance), any cash, securities (other than securities constituting Subordinated Debt) or other assets of MascoTech or any Subsidiary in payment or on account of, or as provision for, principal, premium, if any, or interest on any Subordinated Debt which is not required under the instruments and agreements relating to such Subordinated Debt (provided that any payment which is blocked by any creditors of MascoTech or any of its Subsidiaries pursuant to the terms of the applicable instrument or agreement shall not be deemed to be required) or (b) amend, modify or waive any term or provision of any instrument or agreement relating to any Subordinated Debt such that it would not constitute "Subordinated Debt" as defined herein if at the time of any such transfer, conveyance, assignment, delivery, amendment, modification or waiver there shall exist and be continuing, or if immediately after giving effect thereto as a reasonably foreseeable result thereof on a pro forma basis there would exist or would be caused thereby, a Default.

7.11 Use of Proceeds. (a) None of the proceeds of the Loans made under this Agreement will be used in violation of any applicable law or regulation including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System, provided that a Federal Reserve Form U-1 shall have been completed by the Administrative Agent on behalf of each Bank and reviewed and approved by the Banks in form and substance satisfactory to MascoTech and the Administrative Agent on or prior to the Closing.

(b) The proceeds of the Loans made under this Agreement shall be used (i) to refinance the Existing Bank Facility, (ii) to finance the purchase of capital stock of the Target acquired pursuant to the Tender Offer, (iii) to finance the Merger, (iv) to refinance the current credit facilities of the Target and (v) for general corporate purposes of the Borrowers.

7.12 Fiscal Year. MascoTech will not change its fiscal year from beginning on January 1 of the calendar year and ending on December 31 of the calendar year.

7.13 Compliance with Laws. MascoTech will comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder) except where (a) the necessity of compliance therewith is contested in good faith by appropriate proceedings, (b) no officer of MascoTech is aware that MascoTech or the relevant Subsidiary has failed to comply therewith or (c) MascoTech has reasonably concluded that

64

72

failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations of MascoTech and its Consolidated Subsidiaries, taken as a whole.

7.14 Interest Rate Agreements. Not later than 180 days after the Closing Date, the Borrowers shall enter into, and shall thereafter maintain interest rate swap or hedging agreements or other agreements (including (i) new Financing of either debt securities bearing a fixed rate of interest or equity securities) which effectively protect the Borrowers against increases in interest rates that the Borrowers may be required to pay on a notional amount of not less than \$200,000,000 for not less than the first two years following the Closing Date.

7.15 Restricted Payments. At any time that MascoTech's Leverage Ratio (calculated as prescribed in Section 7.6 for the most recently completed four fiscal quarter period, but adjusted to reflect on a pro forma basis the effect on the Debt of MascoTech and its Consolidated Subsidiaries as a result of any issuance of Equity Interests or trust convertible debt securities or similar securities made subsequent to such period but on or prior to the date such Restricted Payment is to be made) is greater than or equal to 3.0 to 1.0, MascoTech shall not make any Restricted Payment except: (i) the payment of dividends on preferred stock in an amount not to exceed \$3,750,000 in any one fiscal quarter, (ii) other Restricted Payments not to exceed in the aggregate during the term of this Agreement an amount equal to the sum of (a) \$40,000,000 plus (b) an amount equal to 75% of any proceeds received by MascoTech in connection with its issuance of Equity Interests or trust convertible debt securities or similar securities to the extent such securities are not treated as debt of MascoTech in accordance with generally accepted accounting principles to the extent that, after giving pro forma effect to the application of a portion of such proceeds to Senior Debt, the Senior Debt Coverage Ratio is less than 3.0 to 1.0 plus (c) an amount equal to 60% of any proceeds received by MascoTech in connection with the issuance of Subordinated Debt or trust convertible debt securities or similar securities to the extent such securities are treated as debt of MascoTech in accordance with generally accepted accounting principles to the extent that, after giving pro forma effect to the application of a portion of such proceeds to Senior Debt, the Senior Debt Coverage Ratio is less than 3.0 to 1.0 plus (d) an amount equal to 50% of the aggregate amount of the Excess Cash Flow of MascoTech and its Consolidated Subsidiaries in each fiscal quarter following the Closing Date and ending with the most recently completed fiscal quarter (or, 100% of such Excess Cash Flow for any fiscal quarter ending on or after the Senior Debt Coverage Ratio is less than 3.0 to 1.0), provided, however, that the Restricted Payments described in clauses (i) and (ii) above shall not be permitted if either an Event of Default or a Default shall have occurred and be continuing at the date of declaration or payment thereof or would result therefrom, except that any dividends on the common or preferred stock of MascoTech which are declared at a time when no Default or Event of Default shall have occurred and be continuing or would result therefrom, MascoTech shall be entitled to pay such dividend within sixty (60) days of such declaration.

7.16 Guaranties and Pledges. (a) Prior to the consummation of the Merger, MascoTech will (and, if at the expiration of the Tender Offer, MascoTech and Acquisition have not obtained sufficient shares of the Target to effect a short-form merger, MascoTech Sintered Components, Inc. ("Sintered"), MascoTech Sintered Components of Indiana, Inc. ("Sintered Indiana") and MascoTech

65

73

Tubular Products, Inc. ("Tubular Products") will within five business days of the initial funding to purchase shares of the Target pursuant to the Tender Offer) guaranty the indebtedness under this Agreement pursuant to a guaranty substantially in the form of Exhibit Q. The guaranties by Sintered, Sintered Indiana and Tubular Products will be released automatically after the consummation of the Merger unless Sintered, Sintered Indiana and Tubular Products are Significant Subsidiaries. Within five Business Days after the Merger becomes effective, the entity resulting from the Merger and all Significant Subsidiaries will guaranty the indebtedness under this Agreement pursuant to a guaranty substantially in the form of Exhibit Q. Any subsidiary that thereafter becomes a Significant Subsidiary will guaranty the indebtedness under this Agreement promptly upon receiving written demand from the Administrative Agent. MascoTech will notify the Administrative Agent within ninety-five (95) days of the date it is determined that any Subsidiary has become a Significant Subsidiary. The guaranty of any such Subsidiary will be automatically released upon the sale of such Subsidiary if all Net Cash Proceeds of the sale are applied to the Term Loans, or, if the Term Loans have been paid in full, to the Revolving Loans, as prescribed in Section 4.2(f). The guaranty of any Subsidiary that ceases to be a Significant Subsidiary will be automatically released upon the determination by MascoTech, in the preparation of its annual financial statements, that such Subsidiary is no longer a Significant Subsidiary.

(b) All stock of the Target owned by MascoTech, Acquisition and NI Industries, Inc., a Delaware corporation, including the stock acquired in the Tender Offer, will be pledged concurrently with the initial Borrowing. The pledged stock will be released upon MascoTech's achievement of an implied or actual senior unsecured debt rating of BB+ by S&P or Ba1 by Moody's or a Senior Debt Coverage Ratio of less than 2.5 to 1.0, but not before the consummation of the Merger.

ARTICLE VIII.

CONDITIONS OF BORROWINGS AND LETTER OF CREDIT ISSUANCES

The obligation of the Administrative Agent to issue any Letter of Credit, the obligation of each Bank to make a Syndicated Loan on the occasion of each Syndicated Borrowing hereunder, and the willingness of any Bank to consider, in its sole discretion, making any Bid-Option Loan hereunder, is subject to the performance by the Borrowers of all their obligations under this Agreement and to the satisfaction of the following further conditions:

8.1 Each Borrowing and Letter of Credit Issuance. In the case of each Borrowing (other than a Floating Rate Borrowing deemed disbursed under Section 3.3(e) and any Borrowing subject to the conditions precedent in Sections 8.2 and 8.3) and Letter of Credit Issuance hereunder:

(a) Receipt by the Administrative Agent of (i) in the case of each Borrowing, the Notice of Borrowing from the applicable Borrower containing any information required by Section 3.4, 3.5, 3.6 or 3.7 as the case may be, and (ii) in the case of each Letter of Credit Issuance, the Request for Letter of Credit Issuance from the applicable Borrower as required by Section 3.3, in each case signed by an Authorized Officer or person designated (by written notification from such Authorized Officer to the Administrative Agent) by such Authorized Officer, and, in the case of each Letter of Credit

66

74

Issuance, together with an application for the related Letter of Credit and other related documentation requested by and acceptable to the Administrative Agent appropriately completed and duly executed by such designated officer or other person.

(b) The fact that both before and at the conclusion of the Borrowing or Letter of Credit Issuance: (i) in the case of a Refunding Borrowing, no Event of Default shall have occurred and be continuing and (ii) in the case of any other Borrowing or any Letter of Credit Issuance, no Default shall have occurred and be continuing;

(c) The fact that the representations and warranties contained in this Agreement (except, in the case of a Refunding Borrowing, the representations and warranties set forth in Section 6.4(i), Section 6.5, the last sentence of Section 6.6, clause (a) of the first sentence of Section 6.7 and Sections 6.8 and 6.9) shall be true and correct in all material respects or, with respect to such representations and warranties that include a materiality standard, in all respects, on and as of the date of such Borrowing or Letter of Credit Issuance with the same force and effect as if made on and as of such date; and

(d) Receipt by the Administrative Agent of such other opinions, documents, evidence, materials and information with respect to the matters contemplated hereby as the Administrative Agent or the Required Banks may reasonably request.

Each Borrowing by the Borrowers and Letter of Credit Issuance pursuant to this Agreement, including the first such Borrowing or Letter of Credit Issuance, shall be deemed to be a representation and warranty by the Borrowers on the date of such Borrowing or Letter of Credit Issuance as to the facts specified in clauses (b) and (c) of this Section 8.1.

8.2 Initial Borrowing or Letter of Credit Issuance. In the case of the initial Borrowing or Letter of Credit Issuance pursuant to this Agreement:

(a)(1) General Conditions. Receipt by the Administrative Agent for the account of each Bank of a duly executed Revolving Note, a duly executed Term Loan Note and a duly executed Bid-Option Note, each dated on or before the date of such Borrowing or Letter of Credit Issuance; and

(2) Receipt by the Administrative Agent of all the items, and completion of all the matters, required by Section 8.3.

(3) Regulation U Requirements. The Administrative Agent shall have received on behalf of the Banks a purpose statement on FR Form U-1 referred to in Regulation U in form and substance satisfactory to the Administrative Agent.

(b) Initial Loans to Finance the Tender Offer. In addition to satisfying the conditions precedent set forth in Section 8.2(a), in the case of the initial Borrowing or Letter of Credit Issuance

67

75

under the Revolving Credit Facility or the initial Borrowing under the Term Loan Facility to finance the purchase of capital stock of the Target acquired by Acquisition pursuant to the Tender Offer:

- (1) (i) Receipt by the Agents of evidence that MascoTech's directors shall have approved the Tender Offer and Merger and that the Target's directors shall have approved and recommended acceptance of the Tender Offer and shall have approved the Merger.
(ii) MascoTech, Acquisition and the Target shall have made all filings with and obtained all approvals and authorizations from any governmental body, agency, official or authority, and any applicable waiting period related thereto shall have expired or been terminated, which filings, approvals or authorizations (or the expiration of such waiting periods) are legally required to be obtained or made by them (or to have expired or terminated) prior to the consummation of the Tender Offer and which, if not obtained or made (or expired or terminated) would, individually or in the aggregate, have a reasonable probability of having a material adverse effect on MascoTech or the Target.
- (2) No law or regulation shall have made consummation of the Tender Offer or the Merger illegal or otherwise prohibited and no judgment, injunction, order or decree shall have enjoined MascoTech, Acquisition or the Target from consummating the Tender Offer or the Merger.
- (3) The amounts and forms of the consideration to be paid in the Tender Offer and the Merger shall be acceptable to the Agents if higher than \$34.50 per share, together with evidence of such consideration to be paid satisfactory to the Agents.
- (4) (i) All conditions precedent to Acquisition's consummation of the Tender Offer shall have been satisfied or waived with the approval of the Agents. (ii) The terms of the Tender Offer shall not be amended without the consent of the Agents. (iii) The number of the Target's shares of capital stock validly tendered pursuant to the Tender Offer and not properly withdrawn prior to expiration of the Tender Offer shall represent not less than the minimum number of shares, determined on a fully diluted basis necessary to effectuate the Merger in accordance with the provisions of any applicable corporate statute, anti-takeover statute or provision in the Target's certificate of incorporation or by-laws in order to consummate the Merger.
- (5) The Merger Agreement shall not have been amended or modified or any of its provisions waived by MascoTech in any respect material to the Banks without the approval of the Agents and there shall not have occurred or exist any breach or default by MascoTech material to the Banks under the Merger Agreement. Except for such inaccuracies or omissions the consequences of which do not singly or in the aggregate constitute a material adverse effect on the Target, the representations and warranties of the Target contained in the Merger Agreement shall be true in all respects at and as of the time shares are accepted for payment pursuant to the Tender Offer as if made at and as of such time (except as to those representations and warranties which are made as of a specified date, which shall be true and correct as of such date).

68

76

(6) Receipt by the Agents of a copy of any fairness opinion relating to the Tender Offer.

(7) The Agents shall have received evidence confirming the solvency and other appropriate factual information in form and substance satisfactory to them from the chief financial officer of MascoTech supporting the conclusion that after giving effect to the Tender Offer and the Merger, MascoTech and its Consolidated Subsidiaries, including the Target, taken as a whole, is solvent and will be solvent subsequent to incurring the indebtedness in connection with the Tender Offer and the Merger, will be able to pay its debts as they become due and will not be left with unreasonably small capital.

(8) All outstanding payment obligations of the Borrowers under the Existing Bank Facility shall have been repaid in full with the indebtedness incurred under this Agreement except Existing Bid-Option Loans permitted pursuant to Article II.

(9) Compliance with all applicable requirements of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System.

(10) No Default or Event of Default shall have occurred and be continuing on the funding date and no Material Adverse Change shall have occurred.

(11) No event, occurrence, development or state of circumstances or facts which has had or has a reasonable probability of having, individually or in the aggregate, a material adverse effect on the Target shall have occurred.

(12) All guaranties, in the form of Exhibit Q attached hereto, and pledges, in the form of Exhibit R attached hereto, required pursuant to Section 7.16 shall have been executed.

(13) The representations and warranties contained in Sections 6.1, 6.2 and 6.3 shall be true and correct.

(c) Initial Loans to Finance the Merger. In addition to satisfying the conditions precedent set forth in Section 8.2(a), in the case of a Borrowing or Letter of Credit Issuance under the Revolving Credit Facility or a Borrowing under the Term Loan Facility to finance the Merger:

(1) The Merger shall have become effective in accordance with all applicable laws and regulations and the Merger Agreement, the provisions of which shall not have been amended, waived or modified by MascoTech in any manner material to the Banks without the prior consent of the Required Banks, and each of the conditions precedent to MascoTech's obligation to consummate the Merger material to the Banks set forth in the Merger Agreement shall have been satisfied to the satisfaction of the Required Banks.

69

77

(2) No law or regulation shall have made consummation of the Merger illegal or otherwise prohibited and no judgment, injunction, order or decree shall have enjoined MascoTech, Acquisition or the Target from consummating the Merger.

(3) After giving effect to consummation of the Merger, no Default shall have occurred and be continuing and no Material Adverse Change shall have occurred since the funding of the Tender Offer.

(4) After giving effect to any Loans made on the date of consummation of the Merger, all outstanding payment obligations of TriMas Corporation under its existing \$350,000,000 Credit Agreement shall have been paid in full and such Credit Agreement shall have been terminated.

8.3 Closing. On or prior to the Closing Date, the Borrowers shall furnish to the Banks the following items, and the following matters shall be completed:

(a) An opinion of each of David Liner, counsel to MascoTech, and Davis Polk & Wardwell, special New York counsel to MascoTech, substantially in the form of Exhibit M and Exhibit N, respectively, hereto, and covering such other matters as any Bank may reasonably request, dated the Closing Date;

(b) Certified copies of all corporate action taken by each Borrower to authorize the execution, delivery and performance of this Agreement and the Notes, and the Borrowings and Letter of Credit Issuances hereunder, and such other corporate documents and other papers as any Bank may reasonably request, including, without limitation, certified copies of the Borrower's articles of incorporation and by-laws;

(c) A certificate of a duly authorized officer of each Borrower, dated the Closing Date, as to the incumbency, and setting forth a specimen or facsimile signature, of each of the persons (i) who has signed this Agreement on behalf of the applicable Borrower, (ii) who has signed the Notes on behalf of the applicable Borrower, and (iii) who will, until replaced by other persons duly authorized for that purpose, act as the representatives of the applicable Borrower for the purpose of signing documents in connection with this Agreement and the transactions contemplated hereby;

(d) A certificate of a senior officer of MascoTech to the effect set forth in Section 8.2(b)(10), (11) and (13); and

(e) The closing fees payable under Section 3.9, which shall be paid to the Administrative Agent for the account of the Banks.

70

78

ARTICLE IX.

EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default. If any one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) Any Borrower shall fail to pay when due any installment of principal of any Note or shall fail to pay within five days of the due date thereof any interest on any Note or any facility fee, closing fee, Letter of Credit fee, or Agents and Arrangers fee payable under this Agreement, or any reimbursement obligation under Section 3.3 (unless satisfied by the deemed disbursement of Floating Rate Loans); or

(b) Any Borrower shall fail to observe or perform any covenant contained in any of Sections 7.3 to 7.10 inclusive and 7.14 to 7.16 inclusive; or

(c) Any Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) and (b) above) for thirty (30) days after written notice thereof has been given to such Borrower by any Bank or the Administrative Agent; or

(d) Any representation or warranty of a Borrower or any officer of a Borrower to the Banks contained herein or in any certificate, statement or report furnished to the Banks hereunder shall prove to have been incorrect or misleading in any material respect on the date when made or deemed made, provided that, if any representation and warranty deemed to have been made by a Borrower pursuant to the last sentence of Section 8.1 as to the satisfaction of the condition of borrowing set forth in clause (b)(i) of Section 8.1 shall have been incorrect solely by reason of the existence of an Event of Default of which such Borrower was not aware when such representation and warranty was deemed to have been made and which was cured before or promptly after the Borrower became aware thereof, then such representation and warranty shall be deemed not to have been incorrect in any material respect; or

(e) Any Borrower or any Significant Subsidiary (i) shall fail to pay at maturity, or within any applicable period of grace, any Debt (other than a Loan and other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$15,000,000) having an aggregate principal amount in excess of \$10,000,000, and such failure has not been waived, or (ii) shall fail to observe or perform any term, covenant or agreement (other than such a term, covenant or agreement to or for the benefit of a Bank or Affiliate thereof restricting the sale, pledge or other disposition by a Borrower or any Significant Subsidiary of "margin stock" having a value in excess of 25% of the value of the assets referred to in Section 221.2(g)(2)(i)

71

79

of Regulation U unless the Board of Governors of the Federal Reserve System or its staff advises the Administrative Agent in writing that the existence of this subsection (e) without this parenthetical exception would not in such circumstances render this Agreement "secured directly or indirectly by margin stock" within the meaning of its Regulation U), contained in any agreement (other than this Agreement) by which it is bound evidencing or securing indebtedness for borrowed money (other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$15,000,000) for such period of time as would cause or permit the holder or holders (or any Persons acting for or on behalf of such holder or holders) thereof or of any obligations issued thereunder to accelerate the maturity thereof or of any such obligations in an aggregate principal amount in excess of \$10,000,000, and such failure has not been waived; provided that for purposes of this subsection (e), a failure by any Borrower or any Significant Subsidiary to observe or perform any term, covenant or agreement in respect of the industrial revenue bonds identified on Schedule 2 attached hereto, or to pay on the due date thereof the debt outstanding thereunder, shall not be deemed a Default or contribute to the \$10,000,000 aggregate limitation set forth above, so long as such Borrower or Significant Subsidiary satisfies all obligations to pay premium, if any, principal of, and interest when due on such bonds (whether or not related to an acceleration of maturity) within five days after the due date therefor; or

(f) Any Borrower or any Significant Subsidiary shall (i) apply for or consent to the appointment of a receiver, custodian, trustee, liquidator or the like of itself or of a significant portion of its assets; (ii) be unable or admit in writing its inability to pay its debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated a bankrupt or insolvent; or

(v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law, or any answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceedings, or a resolution of either the shareholders or the Board of Directors of such corporation shall be adopted for the purpose of effecting any of the foregoing; or

(g) A proceeding shall be instituted without the application, approval or consent of a Borrower or any Significant Subsidiary in any court of competent jurisdiction seeking, in respect of such Borrower or Significant Subsidiary, adjudication in bankruptcy, dissolution, winding up, reorganization, a composition or arrangement with creditors, a readjustment of debts, the appointment of a receiver, custodian, trustee, liquidator or the like of the Borrower or such Significant Subsidiary or of a significant portion of its assets, or other like relief in respect of the Borrower or Significant Subsidiary under any insolvency or bankruptcy law, and the same shall continue undismissed or unstayed and in effect for any period of sixty consecutive days; or

(h) Final judgment for the payment of money in excess of \$5,000,000 in amount shall be rendered by a court of record against any Borrower or Significant Subsidiary and such Borrower or Significant Subsidiary shall not discharge the same or provide for its discharge, or

72

80

procure a stay of execution thereof, within sixty days from the date of entry thereof, and within said period of sixty days or such longer period during which execution of such judgment shall have been stayed, move to vacate said judgment or appeal therefrom and cause the execution thereof to be stayed pending determination of such motion or during such appeal; or

(i) Any Borrower or any ERISA Affiliate of any Borrower shall fail to pay when due an amount or amounts aggregating in excess of \$5,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Benefit Liabilities in excess of \$25,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by any Borrower or any ERISA Affiliate of any Borrower, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan and such proceeding shall not have been dismissed within thirty days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(j)(i) Any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended), other than any Person in the Masco Group or any group that includes any Person in the Masco Group (A) shall have acquired beneficial ownership of 25% or more of the capital stock having ordinary voting power in the election of directors of MascoTech or (B) shall obtain the power (whether or not exercised) to elect a majority of MascoTech's directors or (ii) the Board of Directors of MascoTech shall not consist of a majority of Continuing Directors; "Continuing Directors" shall mean the directors of MascoTech on the Closing Date and each other director, if such other director's nomination for election to the Board of Directors of MascoTech is recommended by a majority of the then Continuing Directors; or

(k) Acquisition and Target shall fail to consummate the Merger within 180 days of the initial funding of Loans;

then, and in each such case, the Administrative Agent upon being directed to do so by the Required Banks, shall, by written notice to the Borrowers, (i) immediately terminate the Commitments, the Swing Line Commitment and the Alternate Currency Commitments, (ii) declare the principal of and interest accrued on all the Notes, all unpaid reimbursement obligations in respect of drawings under Letters of Credit, and all other amounts owing under this Agreement to be immediately due and payable or (iii) demand immediate delivery of cash collateral, and the Borrowers agree to deliver such cash collateral upon demand, in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, or any one or more of the foregoing, whereupon the Commitments shall terminate forthwith and all such amounts, including such cash collateral, shall become immediately due and payable without presentment or demand for payment, notice of non-payment, protest or further notice or demand of any kind, all of which are expressly waived by the Borrowers; provided, however, that in the case of the occurrence of any event

73

81

described in the foregoing clauses (f) and (g) with respect to MascoTech or with respect to the Target provided the Target is at such time a Borrower, the Commitments shall automatically terminate forthwith and all such amounts, including such cash collateral, shall automatically become immediately due and payable without action upon the part of the Required Banks and without the requirement of any such notice, and without presentment, demand, protest or other notice of any kind, all of which are hereby waived. Such cash collateral delivered in respect of outstanding Letters of Credit shall be deposited in a special cash collateral account to be held by the Administrative Agent as collateral security for the payment and performance of the applicable Borrower's obligations under this Agreement and the Notes to the Banks and the Administrative Agent.

9.2 Remedies. The Administrative Agent upon being directed to do so by the Required Banks, shall, in addition to the remedies provided in Section

9.1, exercise and enforce any and all other rights and remedies available to it or the Banks, whether arising under this Agreement, the Notes or under applicable law, in any manner deemed appropriate by the Administrative Agent, including suit in equity, action at law, or other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained in this Agreement or in the Notes or in aid of the exercise of any power granted in this Agreement or the Notes.

9.3 Set Off. Upon the failure of the Borrowers to pay any indebtedness under this Agreement or the Notes at its maturity (whether at stated maturity, by acceleration or otherwise) or, in the case of such indebtedness other than principal of the Loans, when due (after allowing for any grace period provided with respect thereto under Section 9.1(a)), each Bank may at any time and from time to time, without notice to the Borrowers (any requirement for such notice being expressly waived by the Borrowers) set off and apply against any and all of the obligations of the Borrowers now or hereafter existing under this Agreement and the Notes, whether owing to such Bank or any other Bank or the Administrative Agent, any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrowers and any property of the Borrowers from time to time in possession of such Bank, regardless of whether or not such Bank shall have made any demand hereunder or any indebtedness owing by such Bank may be contingent and unmatured. The rights of the Banks under this Section 9.3 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Banks may have.

74

82

ARTICLE X.

THE AGENTS AND THE BANKS

10.1 Appointment and Authorization. Each Bank hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to the Administrative Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto. The provisions of this Article X are solely for the benefit of the Administrative Agent and the Banks, and the Borrowers shall not have any rights as third party beneficiaries of any of the provisions hereof. In performing its functions and duties under this Agreement, the Administrative Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrowers.

10.2 Administrative Agent and Affiliates. The Administrative Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise or refrain from exercising the same as though it were not the Administrative Agent. The Administrative Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with MascoTech or any Subsidiary of MascoTech as if it were not acting as Administrative Agent hereunder, and may accept fees and other consideration therefor without having to account for the same to the Banks.

10.3 Scope of Agent's Duties. The Administrative Agent shall have no duties or responsibilities except those expressly set forth herein, and shall not, by reason of this Agreement, have a fiduciary relationship with any Bank, and no implied covenants, responsibilities, duties, obligations or liabilities shall be read into this Agreement or shall otherwise exist against the Administrative Agent. As to any matters not expressly provided for by this Agreement (including, without limitation, collection and enforcement action under the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but may request instructions from the Required Banks. The Administrative Agent shall in all cases be fully protected from liability to the Banks in acting, or in refraining from acting, pursuant to the written instructions of the Required Banks or, when expressly required by this Agreement, all the Banks, which instructions and any action or omission pursuant thereto shall be binding upon all of the Banks; provided, however, that the Administrative Agent shall not be required to act or omit to act if, in the judgment of the Administrative Agent, such action or omission may expose the Administrative Agent to personal liability or is contrary to this Agreement, any Note, or applicable law.

10.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certificate, notice, document or other communication (including any cable, telegram, telex, facsimile transmission or oral communication) believed by it to be genuine and correct and to have been sent or given by or on behalf of a proper person. The Administrative Agent may treat the payee

75

83

of any Note as the holder thereof. The Administrative Agent may employ agents (including, without limitation, collateral agents) and may consult with legal counsel (who may be counsel for the Borrowers), independent public accountants and other experts selected by it and shall not be liable to the Banks, except as to money or property received by it or its authorized agents, for the negligence or misconduct of any such agent selected by it with reasonable care or for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

10.5 Default. The Administrative Agent shall not be deemed to have knowledge of the occurrence of any Default, unless the Administrative Agent has received written notice from a Bank or the Borrowers specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give written notice thereof to the Banks.

10.6 Liability of Administrative Agent. Neither the Administrative Agent nor any of its directors, officers, agents, or employees shall be liable to the Banks for any action taken or not taken by it or them in connection herewith with the consent or at the request of the Required Banks or, when expressly required by this Agreement, all the Banks or in the absence of its or their own gross negligence or willful misconduct. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any recital, statement, warranty or representation contained in this Agreement or any Note, or in any certificate, report, financial statement or other document furnished in connection with this Agreement, (b) the performance or observance of any of the covenants or agreements of the Borrowers, (c) the satisfaction of any condition specified in Article VIII, except as to the delivery to the Administrative Agent of documents that appear on their face to conform to the requirements of Article VIII (other than requirements of any Bank under Section 8.3(b) that are not known to the Administrative Agent), or (d) the validity, effectiveness, legal enforceability, value or genuineness of this Agreement, the Notes, or any other instrument or document furnished in connection herewith.

10.7 Nonreliance on Administrative Agent and Other Banks. Each Bank acknowledges and agrees that it has, independently and without reliance on the Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of MascoTech and its Subsidiaries and its own decision to enter into this Agreement, and that it will, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decision in taking or not taking action under this Agreement. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Borrowers of this Agreement, the Notes or any other documents referred to or provided for herein or to inspect the properties or books of the Borrowers and, except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any information concerning the affairs, financial condition or business of MascoTech or any of its Subsidiaries which may come into the possession of the Administrative Agent or any of its Affiliates.

76

84

10.8 Indemnification. The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrowers, but without limiting any obligation of the Borrowers to make such reimbursement), ratably according to their respective Pro Rata Shares from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever (including, without limitation, fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or the transactions contemplated hereby or any action taken or omitted by the Administrative Agent under this Agreement; provided, however, that no Bank shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including, but not limited to, reasonable fees and expenses of counsel) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrowers, but without limiting the obligation of the Borrowers to make such reimbursement; provided, however, that no Bank shall be liable for any portion of such expenses incurred as a result of the Agent's gross negligence or willful misconduct. Each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any amounts owing to the Administrative Agent by the Banks pursuant to this Section; provided that no Bank shall be responsible for failure of any other Bank to make such share available to the Administrative Agent. If the indemnity furnished to the Administrative Agent under this Section shall, in the reasonable judgment of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity from the Banks (other than for the Agent's gross negligence or willful misconduct) and cease, or not commence, to take any action until such additional indemnity is furnished.

10.9 Resignation of Administrative Agent. The Administrative Agent may resign as such at any time upon thirty days' prior written notice to the Borrowers and the Banks. In the event of any such resignation, the Required Banks shall, by an instrument in writing delivered to the Borrowers and the Administrative Agent, appoint a successor, which shall be (a) a Bank or (b) a commercial bank organized under the laws of the United States or any State thereof and having a combined capital and surplus of at least \$500,000,000. If a successor is not so appointed or does not accept such appointment before the Agent's resignation becomes effective, the resigning Administrative Agent may appoint a temporary successor to act until such appointment by the Required Banks is made and accepted or if no such temporary successor is appointed as provided above by the resigning Administrative Agent, the Required Banks shall thereafter perform all the duties of the Administrative Agent hereunder until such appointment by the Required Banks is made and accepted. Any successor to the Administrative Agent shall execute and deliver to the Borrowers and the Banks an instrument accepting such appointment and thereupon such successor Administrative Agent, without further act, deed, conveyance or transfer shall become vested with all of the properties, rights, interests, powers, authorities and obligations of its predecessor hereunder with like effect as if originally named as Administrative Agent hereunder. Upon request of such successor Administrative Agent, the

77

85

Borrowers and the resigning Administrative Agent shall execute and deliver such instruments of conveyance, assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Administrative Agent all such properties, rights, interests, powers, authorities and obligations. The provisions of this Article X shall thereafter remain effective for such resigning Administrative Agent with respect to any actions taken or omitted to be taken by such Administrative Agent while acting as the Administrative Agent hereunder.

10.10 Sharing of Payments. The Banks agree among themselves that, in the event that any Bank shall obtain payment in respect of any Loan or Letter of Credit reimbursement obligation owing to such Bank under this Agreement through the exercise of a right of set-off, banker's lien, counterclaim or otherwise in excess of its ratable share as provided for in this Agreement, such Bank shall promptly purchase from the other Banks participations in such Loans and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all of the Banks share such payment in accordance with their respective ratable shares as provided for in this Agreement. The Banks further agree among themselves that if payment to a Bank obtained by such Bank through the exercise of a right of set-off, banker's lien, counterclaim or otherwise as aforesaid shall be rescinded or must otherwise be restored, each Bank which shall have shared the benefit of such payment shall, by repurchase of participations theretofore sold, return its share of that benefit to each Bank whose payment shall have been rescinded or otherwise restored, together with interest thereon at the per annum rate, if any, at which such Bank whose payment shall have been restored is liable with respect to such restored payment. The Borrowers agree that any Bank so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including set-off, banker's lien or counterclaim, with respect to such participation as fully as if such Bank were a holder of such Loan or other obligation in the amount of such participation. The Banks further agree among themselves that, in the event that amounts received by the Banks and the Administrative Agent hereunder are insufficient to pay all such obligations when due, the fees and other amounts owing to the Administrative Agent in such capacity shall be paid therefrom before payment of obligations owing to the Banks under this Agreement. Except as otherwise expressly provided in this Agreement, if any Bank or the Administrative Agent shall fail to remit to the Administrative Agent or any other Bank an amount payable by such Bank or the Administrative Agent to the Administrative Agent or such other Bank pursuant to this Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Bank at a rate per annum equal to the rate at which borrowings are available to the payee in its overnight federal funds market.

10.11 Withholding Tax Exemption. Each Bank agrees to file with the Administrative Agent and the Borrowers, in duplicate, (a) on or before the later of (i) the Closing Date and (ii) the date such Bank becomes a Bank under this Agreement, (b) on the date such Bank becomes an Alternate Currency Bank with respect to an Alternate Currency and (c) thereafter as frequently as required by applicable law unless not legally able to do so as a result of a change in applicable tax law enacted, or treaty promulgated, after the date specified in the preceding clause (a) or (b), as applicable, on or prior to the immediately following due date of any payment by the Borrowers hereunder, a properly

78

86

completed and executed copy of any form, certification or similar documentation, if any, necessary for claiming complete exemption from withholding taxes, including in the case of taxes imposed by the United States, either Internal Revenue Service Form 4224 or Internal Revenue Service Form 1001 and Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9 and any additional form necessary for claiming complete exemption from United States withholding taxes (or such other form as is required to claim complete exemption from United States withholding taxes), if and as provided by the Code or other pronouncements of the United States Internal Revenue Service, and such Bank warrants to the Borrowers that the form so filed will be true and complete; provided that such Bank's failure to complete, execute and file such form, certification or similar documentation shall not relieve the Borrowers of any of their obligations under this Agreement, other than their obligation under Section 5.3(a) with respect to increased costs that are a result of such failure.

10.12 The Syndication Agents and Arrangers. Each Syndication Agent and Arranger, in such capacities, shall have no authority, duties, responsibilities, obligations, liabilities or functions under this Agreement or the Notes.

ARTICLE XI.

MISCELLANEOUS

11.1 Amendments, Etc.

(a) No amendment, modification, termination or waiver of any provision of this Agreement nor any consent to any departure therefrom shall be effective unless the same shall be in writing and signed by the Borrowers (except with respect to waivers by the Required Banks or all the Banks) and the Required Banks and, to the extent any rights or duties of the Administrative Agent may be affected thereby, by the Administrative Agent, provided, however, that no such amendment, modification, termination, waiver or consent shall, without the consent of all of the Banks, (i) authorize or permit the extension of time for, or any reduction of the amount of, any payment of the principal of, or interest (including the Applicable Margin) on, any Loan, or any fees or other amount payable hereunder (except with respect to any modifications of the provisions relating to prepayments of Loans and except with respect to waiving the application of the Overdue Rate), or (ii) except as expressly authorized hereunder, amend, extend or terminate the respective Commitment of any Bank (other than any Alternate Currency Commitment and except for an extension beyond the Termination Date), or (iii) modify the provisions of this Section regarding the taking of any action under this Section, or the definition of Required Banks, or (iv) permit the Borrowers to assign their rights under this Agreement, or (v) release all or substantially all of any collateral securing the extension or maintenance of the credit provided for in this Agreement or release any guaranty thereof (except as expressly provided in Section 7.16), or (vi) modify the several nature of the obligations of the Banks hereunder, modify the sharing provisions among the Banks in Section 10.10, modify this Section 11.1 or the first sentence of Section 11.6, or modify any other provision of this Agreement which by its terms requires the consent of all the Banks.

79

87

(b) Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(c) Notwithstanding anything herein to the contrary, no Bank that is in default of any of its obligations, covenants or agreements under this Agreement shall be entitled to vote (whether to consent or to withhold its consent) with respect to any amendment, modification, termination or waiver of any provision of this Agreement or any departure therefrom or any direction from the Banks to the Administrative Agent, and, for purposes of determining the Required Banks at any time when any Banks are in default under this Agreement, the Commitments and Loans of such defaulting Banks shall be disregarded; provided that no action of a type described in the proviso in Section 11.1(a) shall be binding on a defaulting Bank without its written consent thereto.

11.2 Notices.

(a) Except as otherwise provided in subsection 11.2(c) hereof, all notices and other communications to or upon the parties hereto shall be deemed to have been duly given or served if sent in writing (including telecommunications) to the party to which such notice or other communication is required or permitted to be given or served under this Agreement, to the address or telex or telecopy number set forth below the name of such party on the signature pages hereof, or at such other address or telex or telecopy number as the parties hereto may hereafter specify to the others in writing. If for purposes of receiving Invitations for Bid-Option Quotes and information regarding Notices of Bid-Option Rate Borrowings, a Bank wishes to receive such communications at an address or telex or telecopy number different from its address or telex or telecopy number for other purposes under this Agreement, the Administrative Agent shall communicate with such Bank for such purposes at such different address, telex or telecopy number following the Administrative Agent's receipt of a written notice from such Bank requesting that the Administrative Agent do so. All mailed notices or other communications shall be by registered or certified mail, postage prepaid, with return receipt requested. All notices or other communications sent by means of telecopy, telex or other wire transmission shall be made with request for assurance of receipt in a manner typical with respect to communications of that type. Written notices or other communications shall be deemed delivered upon receipt if delivered by hand, 3 Business Days after mailing if mailed, or 1 Business Day after deposit with an overnight courier service if delivered by overnight courier. Notices or other communications provided by any of the other means referred to above shall be deemed delivered upon receipt. Notwithstanding the foregoing, all notices to the Administrative Agent shall be effective only when actually received by the Administrative Agent, and all notices from the Administrative Agent to any Bank regarding such Bank's obligation to fund Loans or to make payment under Section 3.3(d) shall be effective only when actually received by such Bank.

(b) Notices by the Borrowers to the Administrative Agent with respect to terminations or reductions of the Revolving Credit Commitments pursuant to Section 3.10, requests for Loans and Letter of Credit Issuances pursuant to Section 3.3, 3.4, 3.5, 3.6 or 3.7 and notices of prepayment pursuant to Section 4.2 shall be irrevocable and binding on the Borrowers.

80

88

(c) Any notice to be given by the Administrative Agent or any Bank to the Administrative Agent or any Bank hereunder, may be given by telephone, and shall be promptly confirmed in writing upon the request of the recipient. Any such notice so given by telephone shall be deemed effective upon receipt thereof by the party to whom such notice is to be given.

11.3 No Waiver By Conduct; Remedies Cumulative. No course of dealing on the part of the Administrative Agent or any Bank, nor any delay or failure on the part of the Administrative Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver of such right, power or privilege or otherwise prejudice the Agent's or such Bank's rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to the Administrative Agent or any Bank under this Agreement, or any Note, is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy granted hereunder or thereunder or now or hereafter existing under any applicable law. Every right and remedy granted by this Agreement or by applicable law to the Administrative Agent or any Bank may be exercised from time to time and as often as may be deemed expedient by the Administrative Agent or any Bank and, unless contrary to the express provisions of this Agreement, or the Notes, irrespective of the occurrence or continuance of any Default.

11.4 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, including, without limitation, under Sections 5.3, 5.5 and 11.5, representations and warranties of the Borrowers made herein or in any certificate, report, financial statement or other document furnished by or on behalf of the Borrowers pursuant to this Agreement shall be deemed to be material and to have been relied upon by the Banks, notwithstanding any investigation heretofore or hereafter made by any Bank or on such Bank's behalf, and shall survive the repayment in full of the Loans and the termination of the Commitments.

11.5 Expenses and Indemnification.

(a) The Borrowers shall pay, or reimburse the Administrative Agent, Syndication Agents, Arrangers or any Bank, as the case may be (each an "Indemnified Person"), for (i) all reasonable out-of-pocket expenses of the Administrative Agent, Syndication Agents and Arrangers, including reasonable fees and disbursements of special counsel for the Administrative Agent, Syndication Agents and Arrangers, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default, (ii) all reasonable costs and expenses of the Indemnified Person, including reasonable fees and disbursements of counsel, in connection with any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Administrative Agent from paying any amount under, or otherwise relating in any way to, any Letter of Credit and any and all costs and expenses which it may incur relative to any payment under any Letter of Credit, provided, that the Borrowers shall not be liable under this clause (ii) to the extent, but only to the extent, any such costs and expenses of the Indemnified Person are caused by the Indemnified Person's breach of this Agreement or gross negligence or willful misconduct, and (iii) if an Event of Default occurs, all reasonable expenses incurred by the Indemnified Person,

81

89

including reasonable fees and disbursements of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. The Borrowers shall indemnify each Bank against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Notes.

(b) The Borrowers shall indemnify each Indemnified Person, and its respective officers, directors, employees and agents, and hold each Indemnified Person, and its respective officers, directors, employees and agents, harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel for any Indemnified Person or any such Person in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnified Person or any such Person, as the case may be, shall be designated a party thereto) which may be incurred by any Indemnified Person or by any such Person, substantially relating to or arising out of any actual or proposed use of proceeds of Loans or Letters of Credit for the purpose of acquiring assets or capital stock of any other Person; provided that no Indemnified Person or any such Person shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(c) The Borrowers hereby further indemnify and agree to hold the Indemnified Persons, and their respective officers, directors, employees and agents harmless from and against any and all claims, damages, losses, liabilities, costs and expenses of any kind or nature whatsoever which the Indemnified Persons or any such Person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit, and no Indemnified Person or any of its respective officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith; (ii) the validity, sufficiency or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Administrative Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of any Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; (iv) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or (v) any other event or circumstance whatsoever arising in connection with any Letter of Credit; provided, however, that the Borrowers shall not be liable hereunder to the Indemnified Persons and such other Persons and the Administrative Agent shall be liable to the Borrowers to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by the Borrowers which were caused by (A) the Administrative Agent's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit, or (B) the Administrative Agent's payment under any Letter of Credit to the extent, but only to the extent, that such payment constitutes gross negligence or willful misconduct of the Administrative Agent. The inclusion of any event in clauses (i) - (vii) of Section 3.3(f) shall not by itself preclude a finding that such event

82

90

constitutes gross negligence or willful misconduct of the Administrative Agent. It is understood that in making any payment under a Letter of Credit the Administrative Agent will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary, and such reliance and payment against documents presented under a Letter of Credit substantially complying with the terms thereof shall not be deemed gross negligence or willful misconduct of the Administrative Agent in connection with the payment.

11.6 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that the Borrowers may not, without the prior written consent of all the Banks, assign its rights or obligations hereunder or under the Notes, and the Banks shall not be obligated to make any Loan hereunder to any Person other than the Borrowers, and the Administrative Agent shall not be obligated to issue any Letter of Credit for the account of any Person other than MascoTech or any Consolidated Subsidiary of MascoTech.

(b) The Administrative Agent from time to time in its sole discretion may appoint one of its affiliates as its agent for the purpose of servicing and administering this Agreement and the transactions contemplated hereby and enforcing or exercising any rights or remedies of the Administrative Agent provided under this Agreement, the Notes or otherwise. In furtherance of such agency, the Administrative Agent may from time to time direct that the Borrowers provide notices, reports and other documents contemplated by this Agreement (or duplicates thereof) to such agent. The Borrowers hereby consent to the appointment of such agent and agrees to provide all such notices, reports and other documents and to otherwise deal with such agent acting on behalf of the Administrative Agent in the same manner as would be required if dealing with the Administrative Agent itself.

(c) Any Bank may sell a participation interest to any financial institution(s), and such financial institution(s) may further sell a participation interest (undivided or divided) to any financial institution(s), in its Commitment and the Loans and risk of the Letters of Credit, Swing Line Loans and Alternate Currency Syndicated Loans and such Bank's or such participating financial institution's, as the case may be, rights and benefits under this Agreement and the Notes, and to the extent of that participation, such participant or participants shall have, to the extent permitted by law, the same rights and benefits against the Borrowers under Section 9.3 as it or they would have had if such participant or participants were the Bank making the Loans to the Borrowers hereunder, provided, however, that in purchasing such participation interest(s) each such participant shall be deemed to have agreed to share with the Banks the proceeds thereof as provided in Section 10.10 as fully as if such participant were a Bank hereunder; and provided further, however, that (i) the obligations under this Agreement of each Bank selling a participation interest hereunder shall remain unmodified and fully effective and enforceable against such Bank, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Notes for all purposes of this Agreement, (iv) the Borrowers, the Administrative Agent and the other Banks shall

83

91

continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (v) such Bank shall not grant to its participant(s) any rights to consent or withhold consent to any action taken by such Bank or the Administrative Agent under this Agreement other than action requiring the consent of all of the Banks hereunder. Each Bank shall give the Borrowers prior written notice of each sale by such Bank of a participation interest under this Section 11.6(c). Each participant shall be entitled to the benefits of Sections 5.3 and 5.5 with respect to its participation interest as if it were a Bank; provided that no participant shall be entitled to receive any greater amount pursuant to such Sections 5.3 and 5.5 than the Bank that originally sold such participation interest would have been entitled to receive in respect of such participation interest had no such sale taken place.

(d) Any Bank may, with the prior written consent of the Borrowers and the Administrative Agent (which consent in each case will not unreasonably be withheld or delayed, and which consent in the case of MascoTech may not be withheld if there is any Event of Default under Section

9.1(a), (f) or (g)) assign on a pro rata or non-rata basis to one or more banks or other financial institutions all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Syndicated Loans owing to it, its share of the risk of Letters of Credit, Swing Line Loans and Alternate Currency Syndicated Loans, and the Syndicated Notes held by it); provided, however, that (i) the amount of the Commitment of any assignee Bank as of any date, after giving effect to each assignment to such assignee that is effective on such date, shall in no event be less than \$10,000,000, (ii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement, (A) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to each such assignment) shall in no event be less than \$5,000,000 or an integral multiple of \$5,000,000, or such lesser amount as the Borrowers and the Administrative Agent may consent to and (B) after giving effect to each such assignment, the amount of the Commitment of the assigning Bank shall in no event be less than \$10,000,000, (iii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register (as hereinafter defined), an Assignment and Acceptance in the form of Exhibit K hereto (an "Assignment and Acceptance"), together with the Notes subject to such assignment and a processing and recordation fee of \$3,500, (iv) any Bank may without the consent of the Borrowers or the Administrative Agent assign to any affiliate of such Bank all of its rights and obligations under this Agreement and (v) any Bank may without the consent of the Borrowers or the Administrative Agent assign any or all of its rights and obligations under this Agreement to another Bank, as such term is defined in this Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (ii) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

84

92

(e) By executing and delivering an Assignment and Acceptance,

(i) the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (A) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any instrument or other document furnished pursuant hereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or other document furnished pursuant hereto; and (B) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their obligations under this Agreement or any instrument or other document furnished pursuant hereto, and (ii) the assignee thereunder confirms to the assignor thereunder and the other parties hereto as follows: (A) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 6.6 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (B) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (C) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (D) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank and agrees that shall be bound by all the terms and provisions of this Agreement.

(f) The Administrative Agent shall maintain a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent demonstrable error, and the Borrowers, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(g) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee and, unless such assignment is of only a portion of such assigning Bank's rights and obligations hereunder, the Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and the Administrative Agent and the Borrowers have given their written consent under Section 11.6(d) (if required),

(i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall execute and deliver to the Administrative Agent (in exchange for the surrendered Notes unless such assignment is of only a portion of such assigning Bank's rights and

85

93

obligations hereunder) new Revolving Note and Term Note to the order of such assignee and a new Bid-Option Note to the order of such assignee. Such new Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibits A-1, A-2 and B-1 hereto, as applicable.

(h) If any Reference Bank makes an assignment of all of its Commitment and Syndicated Loans to an unaffiliated institution pursuant to subsection (d) above, or if the Fixed Rate Loans of any Reference Bank are repaid pursuant to Section 5.2 or 5.3, the Administrative Agent shall, with the consent of the Required Banks and the Borrowers, appoint another Bank to act as Reference Bank hereunder. No assignee of any Bank shall be entitled to receive any greater payment under Section 5.3 than such Bank would have been entitled to receive with respect to the rights assigned or otherwise transferred, unless such assignment is made by reason of the provisions of Section 5.2 or 5.3 requiring such Bank to designate a different lending office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(i) Each Bank may assign to one or more banks or other financial institutions any Bid-Option Note held by it. Any such Bank assigning a Bid-Option Note shall for all purposes of this Agreement be deemed to be the holder of such Note, and no assignee under this Section 11.6(i) shall as a result of such assignment become a "Bank" under this Agreement.

(j) Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in, or assign, all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System; provided that such creation of a security interest or assignment shall not release such Bank from its obligations under this Agreement.

11.7 Confidentiality. Each Bank agrees that all documentation and other information made available by the Borrowers to such Bank under the terms of this Agreement shall (except (a) to the extent required by legal or governmental process or otherwise by law, or (b) if such documentation and other information is publicly available or hereafter becomes publicly available other than by action of such Bank, or was theretofore known to such Bank independent of any disclosure thereto by the Borrowers, or (c) to the extent of necessary disclosure to such Bank's accountants, attorneys or regulators, or

(d) in any litigation or similar proceedings related to this Agreement, the Notes or any Letter of Credit) be held in the strictest confidence by such Bank and disclosed only to those officers, employees and agents of such Bank or of any Affiliate of such Bank involved in the administration of the credit from time to time outstanding from such Bank to the Borrowers or otherwise involved in servicing, maintaining or further developing the relationship between such Bank and the Borrowers, each of which officers, employees and agents shall, except as permitted under this Section 11.7 generally with respect to such Bank, hold such documentation and other information in the strictest confidence and to be used only in connection with this Agreement; provided that (i) such Bank may disclose such documentation and other information, and all other information that has been delivered to such Bank by or on behalf of the Borrowers prior to the Closing Date (including, without limitation,

the Confidential Information Memorandum dated January, 1998 concerning MascoTech) in connection with such Bank's credit evaluation of MascoTech and its Subsidiaries, to any other financial institution to which such Bank sells or proposes to sell a participation or other interest in any of its Loans hereunder (or under any other credit agreement with the Borrowers), if such other financial institution, prior to such disclosure, agrees for the benefit of the Borrowers to comply with the provisions of this Section 11.7 (including the provisions of this Section 11.7 allowing further disclosure to other financial institutions to whom a sale of a participation or other interest is proposed), or to any Federal Reserve Bank and (ii) such Bank may disclose the provisions of this Agreement and the Notes and the amounts, maturities and interest rates of its Loans and the amounts of Letters of Credit (and similar information relating to any other credit agreement with the Borrowers) to any purchaser or potential purchaser of any interest of such Bank in any Loan to the Borrowers.

11.8 Counterparts; Effectiveness of Telecopied Signatures. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of a telecopied signature on this Agreement shall be as effective against the signer as delivery of its original signature.

11.9 Table of Contents and Headings. The table of contents and the headings of the various subdivisions hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

11.10 Construction of Certain Provisions. If any provision of this Agreement refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

11.11 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or any event or condition which with notice or lapse of time, or both, could become such a Default if such action is taken or such condition exists.

11.12 Interest Rate Limitation. Notwithstanding any provisions of this Agreement or the Notes, in no event shall the amount of interest paid or agreed to be paid by the Borrowers exceed an amount computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or the Notes at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever any Bank shall ever receive as interest an amount which would be deemed unlawful under such applicable law such interest shall be automatically applied to the payment of principal of the Loans outstanding hereunder (whether or not

87

95

then due and payable) and not to the payment of interest, or shall be refunded to the Borrowers if such principal and all other obligations of the Borrowers to the Banks have been paid in full.

11.13 Substitution of Banks.

(a) After payment by the Borrowers to any Bank of any amount due pursuant to Section 5.3 or 5.5 that the Borrowers reasonably deem material, and upon five Business Days' written notice in the form of Exhibit L delivered to the Administrative Agent and the applicable Bank, the Borrowers may replace any one or more of the Banks. Upon the date of its effectiveness, such notice shall terminate the Commitment of such Bank entirely, provided that the Borrowers shall prepay each Loan of such Bank (if any) in full on the effective date of such termination, together with accrued interest thereon, all amounts due pursuant to Sections 5.3 and 5.5, all accrued facility fees with respect to such Bank and all other amounts owing to such Bank hereunder to such effective date.

(b) If the Borrowers shall terminate the Commitment of any Bank pursuant to the provisions of subsection (a) of this Section 11.13, the Borrowers shall designate another bank or other banks (which may be one of the Banks) (in either case, an "Additional Bank") to be parties to this Agreement, provided, that (i) without the consent of the Administrative Agent, the total number of Additional Banks (other than those that were already Banks) may not exceed the total number of Banks whose Commitments are terminated pursuant to Section 11.13(a) plus six, (ii) the amount of the Commitment of any Additional Bank may not be less than \$10,000,000, (iii) the amount of the Commitment(s) of the Additional Bank(s) (or, if any such Additional Bank already is a Bank, the added portion of such Bank's Commitment) shall in the aggregate equal the amount of the Commitment so terminated and (iv) the Borrowers or the Additional Bank, and not the Bank being terminated pursuant to subsection (a) of this Section 11.13, shall pay the processing and recordation fee required under Section 11.6(d)(iv). Any Additional Bank shall become a party to this Agreement and be considered a Bank hereunder for all purposes if (i) it shall agree in writing to be bound by all of the terms and provisions of this Agreement, such agreement to specify the amount of the Commitment of such Additional Bank and to be otherwise in form and substance satisfactory to the Administrative Agent, (ii) it shall make Syndicated Loans to the Borrowers in principal amounts which bear the same ratio to the amounts of the Syndicated Loans of other Banks (including other Additional Banks) then outstanding or to be concurrently outstanding as the amount of the Commitment of such Additional Bank bears to the then aggregate amount of the Commitments of such other Banks (including other Additional Banks), and (iii) a copy of such agreement and of evidence satisfactory to the Administrative Agent of the making of such Loans shall be furnished to the Administrative Agent.

11.14 Governing Law. This Agreement is a contract made under, and shall be governed by and construed in accordance with, the law of the State of New York applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

11.15 Integration and Severability. This Agreement and the Notes embody the entire agreement and understanding among the Borrowers, the Administrative Agent, and the Banks, and

88

96

supersede all prior agreements and understandings, relating to the subject matter hereof and thereof. In case any one or more of the obligations of the Borrowers under this Agreement or any Note shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrowers shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrowers under this Agreement or any Note in any other jurisdiction.

11.16 WAIVER OF JURY TRIAL. THE BANKS, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENTS AND THE BORROWERS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM RELATED HERETO OR THERETO. NONE OF THE BANKS, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENTS OR THE BORROWERS SHALL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

11.17 Alternate Currency Addenda Binding on Each Bank; Provisions Regarding Alternate Currency Agents. Each of the Banks agrees that it shall be bound by the provisions of each Alternate Currency Addendum entered into in connection herewith, in particular as it relates to the provisions applicable to the Alternate Currency Agent appointed thereunder.

11.18 Unification of Certain Currencies. If the Euro (or some other similar unit of account) becomes a currency in its own right in connection with European monetary union contemplated by the Maastricht Treaty, then each of the Borrowers, the Banks and the Administrative Agent agrees to negotiate in good faith an amendment to this Agreement satisfactory in form and substance to the Borrowers, the Banks and the Administrative Agent to account therefor. The introduction of the Euro shall not have the effect of altering any term of any Note or other instrument or discharging or excusing performance by any party under any such Note or instrument or giving any party the right to terminate any such Note or instrument.

89

97

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the Closing Date, notwithstanding the date and year first above written.

**MASCOTECH, INC.,
as Borrower**

By: /s/ Timothy Wadhams

*TIMOTHY WADHAMS
Its: Vice President - Controller
and Treasurer*

21001 Van Born Road Taylor, Michigan 48180 Attention: Jim Tompkins Telephone: (313) 792-6403 Fax: (313) 792-6118

**MASCOTECH ACQUISITION, INC.
as Borrower**

By: /s/ Timothy Wadhams

*TIMOTHY WADHAMS
Its: Vice President
and Treasurer*

21001 Van Born Road Taylor, Michigan 48180 Attention: Jim Tompkins Telephone: (313) 792-6403 Fax: (313) 792-6118

Credit Agreement
98

**THE FIRST NATIONAL BANK OF CHICAGO,
as Administrative Agent and Bank**

By: /s/ Richard H. Huttonlocher

*RICHARD H. HUTTONLOCHER
Its: First Vice President*

c/o NBD Bank 611 Woodward Avenue Detroit, Michigan 48226 Attention: Richard H. Huttonlocher Telephone: (312) 225-2259 Fax: (313) 225-2290

Total Commitment: \$300,000,000

Term Loan Commitment:
\$115,384,615.40
Revolving Credit Commitment:
\$184,615,384.60

Credit Agreement
99

**BANK OF AMERICA NT&SA,
as Syndication Agent and Bank**

By:/s/Lewis B. Fisher

*Lewis B. Fisher
Its: Managing Director*

231 South LaSalle Street, 9th Floor Chicago, Illinois 60697 Attention: Lewis B. Fisher Telephone: (312) 828-3137 Fax: (312) 987-7384

Total Commitment: \$225,000,000

Term Loan Commitment: \$86,538,461.54
Revolving Credit Commitment:
\$138,461,538.46

Credit Agreement
100

**NATIONSBANK, N.A.,
as Syndication Agent and Bank**

By: /s/Wallace Harris Jr.

Its: V.P.

233 South Wacker Drive Chicago, Illinois 60606 Attention: Wallace Harris, Vice President Telephone: 312-234-5626 Fax: 312-234-5601

Total Commitment: \$225,000,000

Term Loan Commitment:	\$86,538,461.54
Revolving Credit Commitment:	
\$138,461,538.46	

Credit Agreement
101

**COMERICA BANK,
as Bank**

By: /s/A.J. Anderson

*A.J. Anderson
Its: First Vice President*

500 Woodward Avenue Detroit, Michigan 48226 Attention: Nicholas G. Mester Telephone: (313) 222-9168 Fax: (312) 222-3776

Total Commitment; \$100,000,000

Term Loan Commitment:
\$38,461,538.46

Revolving Credit Commitment:
\$61,538,461.54

Credit Agreement

102

**CIBC INC.,
as Bank**

By: /s/ Stephanie E. DeVane

*Stephanie E. DeVane
Its: Executive Director, CIBC
Oppenheimer Corp., as Agent*

425 Lexington Avenue New York, NY 10017 Attention: Stephanie E. DeVane Telephone: (212) 856-3727 Fax: (212) 856-3991

Total Commitment: \$75,000,000

Term Loan Commitment:

\$28,846,153.85

Revolving Credit Commitment:

\$46,153,846.15

Credit Agreement

103

**FIRST UNION NATIONAL BANK,
as Bank**

By: /s/ Glenn F. Edwards

Its: Vice President

One First Union Center, 5th Floor Charlotte, North Carolina 28288 Attention: Glenn F. Edwards Telephone: 704-383-3810 Fax; 704-374-2802

Total Commitment; \$75,000,000

Term Loan Commitment:
\$28,846,153.85

Revolving Credit Commitment:
\$46,153,846.15

Credit Agreement

104

**KEYBANK NATIONAL ASSOCIATION,
as Bank**

By: /s/Thomas A. Crandell

*Thomas A. Crandell
Its: Vice President*

127 Public Square, 6th Floor Cleveland, Ohio 44114 Attention: Thomas A. Crandell Telephone: (216) 689-3589 Fax: (216) 689-4981

Total Commitment: \$75,000,000

Term Loan Commitment:
\$28,846,153.85

Revolving Credit Commitment:
\$46,153,846.15

Credit Agreement

105

PNC BANK, NATIONAL ASSOCIATION
as Bank

By: /s/ Peter F. Stack

Peter F. Stack
Its: Assistant Vice President

500 West Madison Street, Suite 3140 Chicago, Illinois 60606 Attention: Peter Stack Telephone: (312) 906-9426 Fax: (312) 906-3420

Total Commitment: \$75,000,000

Term Loan Commitment:
\$28,846,153.85

Revolving Credit Commitment:
\$46,153,846.15

Credit Agreement

106

**THE BANK OF NEW YORK,
as Bank**

By: /s/Edward J. Dougherty

*Edward J. Dougherty III
Its: Vice President
U.S. Commercial Banking*

One Wall Street, 22nd Floor New York, New York 10286 Attention: Edward J. Dougherty III Telephone: (212) 635-1066 Fax: (212) 635-6434

Total Commitment: \$75,000,000

Term Loan Commitment:

\$28,846,153.85

Revolving Credit Commitment:

\$46,153,846.15

Credit Agreement

107

**THE BANK OF NOVA SCOTIA,
as Bank**

By: /s/ F.C.H. Ashby

F.C.H. Ashby
Its: Senior Manager Loan Operations

Atlanta Agency
Suite 2700
600 Peachtree Street NE
Atlanta, Georgia 30308
Attention: Shannon Dancila
Telephone: (404) 877-1561
Fax: (404) 888-8998

Total Commitment: \$75,000,000

Term Loan Commitment: \$28,846,153.85
Revolving Credit Commitment: \$46,153,846.15

Credit Agreement
108

**SCHEDULE 1
TO
CREDIT AGREEMENT**

Pricing Grid

Leverage Ratio	Applicable Margin over Eurodollar Rate	Applicable Margin for Letters of Credit	Applicable Facility Fee Rate
Greater than or equal to 4.50 to 1.0	1.000%	1.000%	0.250%
Less than 4.50 to 1.0 and greater than or equal to 4.25 to 1.0	0.875%	0.875%	0.250%
Less than 4.25 to 1.0 and greater than or equal to 3.75 to 1.0	0.775%	0.775%	0.225%
Less than 3.75 to 1.0 and greater than or equal to 3.25 to 1.0	0.675%	0.675%	0.200%
Less than 3.25 to 1.0 and greater than or equal to 2.5 to 1.0	0.575%	0.575%	0.175%
Less than 2.5 to 1.0 and greater than or equal to 2.0 to 1.0	0.350%	0.350%	0.150%
Less than 2.0 to 1.0	0.225%	0.225%	0.150%

Credit Agreement

109

**SCHEDULE 2
TO
CREDIT AGREEMENT**

INDUSTRIAL REVENUE BONDS

1. City of Fort Wayne, Indiana Industrial Development Revenue Bonds (ND Tech Project)
2. Trust Indenture between Clinton County Redevelopment Authority and Fort Wayne National Bank, Trustee, dated February 1, 1997
3. Guaranty Agreement dated as of February 1, 1997, between TriMas Corporation and Fort Wayne National Bank, Trustee

Credit Agreement

110

**AMENDMENT NO. 1
TO
CREDIT AGREEMENT**

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT ("Amendment") is entered into and dated as of February 10, 1998 by and among MascoTech, Inc., a Delaware corporation (together with its successors, "MascoTech"), TriMas Corporation, a Delaware corporation (successor by merger to MascoTech Acquisition, Inc., a Delaware corporation, and, together with its successors, "TriMas"), any Borrowing Subsidiaries which are now or may hereafter become a party hereto from time to time (each individually a "Borrowing Subsidiary" and collectively, the "Borrowing Subsidiaries") (MascoTech, TriMas and each Borrowing Subsidiary referred to individually as a "Borrower" and collectively as the "Borrowers"), the Banks party hereto from time to time (collectively, the "Banks" and individually, a "Bank"), The First National Bank of Chicago (the "Administrative Agent") and Bank of America NT&SA and NationsBank, N.A. (the "Syndication Agents", and collectively with the Administrative Agent, the "Agents") under that certain Credit Agreement among the parties referred to above dated as of January 16, 1998 (the "Credit Agreement"). Defined terms used herein and not otherwise defined herein shall have the meaning given to them in the Credit Agreement.

WHEREAS, the Borrowers, the Banks and the Agents have entered the Credit Agreement; and

WHEREAS, the Borrowers, the Banks and the Agents have agreed to amend the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers, the Banks and the Agents agree as follows:

1. Amendment to the Credit Agreement. Effective as of February 10, 1998 and subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended as follows:

(a) The following definitions in Section 1.1 shall be amended:

(1) The definition of "Revolving Credit Commitment" shall be amended to delete the reference to "Section 3.10" and substitute therefor "Section 3.10(a)" at the end thereof.

(2) The definition of "Term Loan Commitment" shall be amended to delete the word "and" before "(ii)" and to insert a comma in its place, and to add "and (iii) as such amount may be reduced from time to time pursuant to Section 3.10(b)" before the period at the end thereof.

(b) Section 3.2 is amended in its entirety as follows:

3.2 Term Loans. Subject to the terms and conditions set forth in this Agreement, each Bank on and after the Closing Date severally and not jointly agrees to make a term loan, in Dollars, to one or more of the Borrowers in an aggregate amount not to exceed such Bank's Term Loan Commitment (each individually, a "Term Loan" and, collectively, the "Term Loans"). All Term Loans shall be made by the Banks on or after the Closing Date simultaneously and pro rata, it being understood that no Bank shall be responsible for any failure by any other Bank to perform its obligation to make any Term Loan hereunder nor shall the Term Loan Commitment of any Bank be increased or decreased as a result of any such failure, it being further understood that all or part of the initial Term Loans extended to the Borrowers on the Closing Date may be refinanced after the Closing Date with Term Loans made to one or more of the Borrowers. Each Bank's Term Loan Commitment shall be reinstated as of the date any Borrower requests a Term Loan to refinance an existing Term Loan originally made to a different Borrower.

(c) Section 3.7(a) is amended to delete the word "Revolving" in the fifth line thereof.

(d) Section 3.8(b) is amended to add the following sentence at the end thereof:

Upon any refinancing of a Term Loan, the applicable Borrower or Borrowers shall execute a new Term Loan Note payable to each Bank in an amount equal to the Term Loan Commitment of such Bank.

(e) Section 3.10 is amended (1) to add "(a)" prior to the first word thereof and (2) to add a new Section 3.10(b) as follows:

Subject to Section 5.5, the Borrowers shall have the right at any time and from time to time, upon one Business Day's prior written notice to the Administrative Agent, to terminate or proportionately reduce the amount of the Term Loan Commitments, provided, that any partial reduction of the amount of the Term Loan Commitments shall be in the amount of \$5,000,000 or a multiple of \$1,000,000 in excess thereof, provided that after giving effect to any such voluntary reduction, the Dollar Equivalent of the outstanding Term Loans shall not exceed the amount of the Term Loan Commitments, as reduced from time to time. The Term Loan Commitments or any portion thereof terminated or reduced pursuant to this Section may not be reinstated. Upon receipt of any notice from the Borrowers pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's share of any reduction of the Term Loan Commitments. Each such notice shall be irrevocable by the Borrowers once the Administrative Agent begins notifying any Bank of the contents thereof.

(f) Section 3.11 is amended (1) to delete words "The Revolving Credit Commitments" in the first line and to substitute therefor "All Commitments" and (2) to delete the last sentence thereof.

(g) Section 4.1(b)(i) is amended (1) to add the words "and the Term Loan Commitments" after the words "Term Loans" in the third line thereto and (2) to add the following sentence after the word "hereunder" in the fourth line thereto:

The principal amount of the installments may be paid by any or all of the Borrowers at their discretion provided that each of the quarterly installments shall be in the aggregate amounts set forth below:

(h) Section 4.1(b)(i) is further amended to insert the words ", except that the initial Term Loans extended to the Borrowers on the Closing Date may be refinanced with Term Loans made subsequently to one or more of the Borrowers" after the word "repaid" at the end thereof.

(i) The following Section 4.1(b)(ii) is added:

A repayment made within five (5) Business Days prior to the scheduled installment date for such repayment, as set forth in Section 4.1(b)(i), shall be applied to the installment due within such five (5) Business Days and shall not be deemed a prepayment. Any such repayment shall be subject to the provisions of Section 5.5.

(j) Section 4.2(g) is amended to add the words "(other than repayments made within five (5) Business Days prior to the scheduled installment date for such repayments as permitted by Section 4.1(b)(ii))" after the words "Term Loans" in the first line thereof.

(k) Section 7.11(b) shall be amended to delete the words "and (v)" in the last line thereof and to substitute the words ", (v) to refinance the Term Loans made to the Borrowers on the Closing Date with Term Loans made to one or more of the Borrowers and (vi)".

(l) Section 7.14 is amended to delete "(i)" in the third line thereof.

(m) Section 11.1(a)(ii) is amended in its entirety as follows:

except as expressly authorized hereunder, amend, extend or terminate the respective Commitment of any Bank (other than any amendment, extension or termination of any Alternate Currency Commitment other than an extension of any Alternate Currency Commitment beyond the Termination Date.)

(n) Section 11.6(c) is amended to insert the words "or special purpose funding entity" after each appearance of the words "financial institution(s)" in the first, second and third

lines thereof and to insert the words "or special purpose funding entity's" after the words "financial institution's" in the fourth line thereof.

(o) Section 11.6(d) is amended to delete the reference to "the Borrowers" in the first line thereof and to substitute therefor the word "MascoTech".

(p) Section 11.6(e) is amended to insert the word "it" after the word "that" in the last line thereof.

(q) Section 11.6(g) is amended to insert the word "a" before the words "new Revolving Note" and before the words "Term Note" in the tenth line thereof.

(r) Section 11.7 is amended to insert the words "or special purpose funding entity" after each appearance of the words "financial institution" in the eighteenth and twentieth lines thereof and after the word "institutions" in the twenty-third line thereof.

2. Conditions Precedent. This Amendment shall become effective as of the date above written, if, and only if, the Administrative Agent has received duly executed originals of this Amendment from the Borrowers and the Required Banks.

3. Representations and Warranties of the Borrowers. The Borrowers hereby represent and warrant as follows:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of the Borrowers and are enforceable against the Borrowers in accordance with their terms.

(b) Upon the effectiveness of this Amendment, the Borrowers hereby reaffirm all representations and warranties made in the Credit Agreement, and to the extent the same are not amended hereby, agree that all such representations and warranties shall be deemed to have been remade as of the date of delivery of this Amendment, unless and to the extent that any such representation and warranty is stated to relate solely to an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Credit Agreement to "this Credit Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement as amended hereby.

(b) The Credit Agreement, as amended hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Banks, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of law provisions) of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered on the date first above written.

MASCOTECH, INC., as a Borrower

By: /s/Timothy Wadhams

Name: Timothy Wadhams
Title: Vice President/Controller and
Treasurer

TRIMAS CORPORATION, as a Borrower

By: /s/Timothy Wadhams

Name: Timothy Wadhams
Title: Senior Vice President
and CFO

Amendment No. 1 to Credit Agreement

116

**THE FIRST NATIONAL BANK OF
CHICAGO, as Administrative
Agent and Bank**

By: /s/Richard H. Huttenlocher

Name: Richard H. Huttenlocher
Title: First Vice President

**BANK OF AMERICA NT&SA, as
Syndication Agent and Bank**

By: /s/Lewis B. Fisher

Name: Lewis B. Fisher
Title: Managing Director

NATIONSBANK, N.A., as Syndication Agent and Bank

By: /s/Wallace Harris Jr.

Name: Wallace Harris Jr.
Title: Vice President

BANKS:

COMERICA BANK

By: /s/A.J. Anderson

Name: A.J. Anderson
Title: First Vice President

CIBC INC.

By: /s/Stephanie E. DeVane

Name: Stephanie E. DeVane
Title: Executive Director, CIBC
Oppenheimer Corp., as
Agent

Amendment No. 1 to Credit Agreement

117

FIRST UNION NATIONAL BANK

By: /s/Glenn F. Edwards

Name: Glenn F. Edwards
Title: Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/Thomas A. Crandell

Name: Thomas A. Crandell
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By:

Name: Peter F. Stack Title: Assistant Vice President

THE BANK OF NEW YORK

By: /s/Edward J. Dougherty III

Name: Edward J. Dougherty III
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan
Operations

Amendment No. 1 to Credit Agreement

1
EXHIBIT 10.b

CORPORATE SERVICES AGREEMENT

This Agreement is made as of January 1, 1987 between Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, Masco and Industries desire to amend and restate that certain Corporate Services Agreement between them dated as of May 1, 1984 (the "1984 Corporate Services Agreement"); and

WHEREAS, Masco and Industries desire to terminate that certain Corporate Services Agreement dated as of July 1, 1985 (the "1985 Corporate Services Agreement") between Masco's wholly-owned subsidiary Masco Building Products Corp., a Delaware corporation ("MBPC"), and NI Industries, Inc. a Delaware corporation and currently an indirect wholly-owned subsidiary of Industries ("NI"); and

WHEREAS, Industries desires that Masco provide, and Masco is willing to provide, either directly or through its subsidiaries, certain services and facilities on the terms and conditions hereinafter set forth; and

WHEREAS, Masco desires that Industries provide, and Industries is willing to provide, either directly or through NI, certain facilities on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree to amend and restate the 1984 Corporate Services Agreement and take certain other action as follows:

1. Masco shall provide to Industries and its subsidiaries corporate support staff and administrative services of those personnel which Masco maintains internally for its own officers, operating executives and business operations and which Masco has heretofore provided to Industries' headquarters and businesses pursuant to the 1984 Corporate Services Agreement, such as accounting, legal, treasury, tax, corporate development, data processing, research and development and human resources, provided that Masco shall not be obligated to provide any services which would be in contravention of law. Masco shall furnish such services at the reasonable request of Industries, provided that Masco shall not be required to disrupt the provisions of services for its own business purposes and shall not be obligated to retain additional employees in order to accommodate Industries' requirements for services other than in the ordinary course of business. In addition, Masco shall provide to Industries headquarters office space and data processing equipment in Masco's corporate office in Taylor, Michigan.

2. Industries shall provide to MBPC headquarters office space at the corporate offices of NI in Long Beach, California, as heretofore provided pursuant to the 1985 Corporate Services Agreement.

3. Industries will pay Masco a fee for the services and office space provided under Section 1 hereof, irrespective of Industries' or its subsidiaries' actual use thereof, equal to eight tenths of one percent of Industries' consolidated annual net sales (pro rated for any partial year), as shown in Industries' annual audited financial statements, less (in consideration of the facilities provided by Industries to MBPC pursuant to Section 2 hereof) the real estate related costs incurred by NI to maintain headquarters office space for MBPC in NI's Long Beach, California headquarters, including, but not limited to, depreciation expense, maintenance, repairs and taxes related to such

2
3

facility. Such fee shall be payable monthly in arrears within 30 days of the end of each month, based upon Industries' consolidated unaudited net sales for each month, with such timely adjustment as may be required following the preparation of such audited financial statements. Industries shall be responsible for the payment of fees and expenses for services rendered by third parties retained by Masco on behalf of Industries and its subsidiaries. In addition, Industries shall pay for material utilized and purchased components in research and development projects, in accordance with Masco's customary practice. The parties recognize that Industries may, in the future, hire certain support and administrative staff to be employed solely by Industries and incur other expenses for equipment, services or space, and to the extent any such support and administrative staff are employed by Industries or such expenses are incurred, Masco shall review the resulting cost savings, if any, to Masco in providing support staff and administrative services, equipment and headquarters office space hereunder and if, in Masco's good faith judgment, such a cost savings has resulted, Masco shall reflect such savings by a corresponding reduction in the subsequent fees to be paid hereunder.

4. Additional services, facilities and other items made available by Masco to its operating units which are not covered by the base fee will similarly be made available to Industries except if the provision of such services, facilities and other items would be in contravention of law. The charges for additional services, facilities and other items shall be determined from time to time by Masco, but Industries shall have no obligation to purchase or use any such additional services, facilities or other times.

3
4

5. The term of this agreement shall be from the date hereof through December 31, 1988. the term shall be extended automatically for a period of one year each January 1 thereafter, provided that Masco may give notice of non-renewal not less than 90 days prior to any such January 1. This Agreement may be terminated by Industries at any time, without cause, on 90 days written notice, provided that such termination shall not relieve Industries of its obligations accruing hereunder through the effective date of such termination.

6. In providing services, equipment and facilities hereunder, Masco and Industries shall each have a duty to act, and to cause their respective employees to act, in a reasonable and prudent manner. Subject to the provisions of the Research and Development Undertaking attached as Annex A hereto, neither Masco or its subsidiaries, nor any officer, Director, employee or agent of Masco or its subsidiaries, nor Industries or its subsidiaries, nor any officer, director, employee or agent of Industries or its subsidiaries, shall be liable for any loss incurred in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance or bad faith.

7. The selection of Masco employees to provide services hereunder shall be determined by Masco and such employees shall be the employees of Masco. All work performed hereunder by Masco shall be performed by Masco as an independent contractor.

8. Masco and Industries shall take reasonable measures to keep confidential all information concerning the other which is acquired in the course of performing services hereunder and which is of a nature customarily considered to be confidential by them. Research and development services provided by Masco shall be subject to the additional provisions set forth in Annex A hereto.

4

5

9. This Agreement shall not be assigned by Industries without the express written consent of Masco, except for an assignment by Industries to a successor to substantially all of its business.

10. The 1985 Corporate Services Agreement is hereby terminated.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

MASCO CORPORATION

MASCO INDUSTRIES, INC.

By /s/Richard G. Mosteller

By /s/Erwin H. Billig

Senior Vice President -
Finance

President

The termination of the 1985 Corporate Services Agreement is accepted and agreed to as of the day and year first above written.

NI INDUSTRIES, INC.

By /s/James Shaffer

5

6

January 22, 1998

Masco Corporation
21001 Van Born Road
Taylor, Michigan 48180

Gentlemen:

As you are aware, MascoTech, Inc. completed its acquisition of TriMas Corporation on Thursday, January 22, 1998 (the "Effective Date"). This will confirm our agreement that the Corporate Services Agreement, dated as of December 27, 1988, between Masco Corporation ("Masco") and TriMas Corporation (the "TriMas Corporate Services Agreement"), is terminated effective as of the end of business on the Effective Date, except with respect to rights and obligations of the parties thereto which have accrued as a result of services rendered thereunder prior to the Effective Date. Furthermore, Masco agrees that the period for which a fee is payable under the TriMas Corporate Services Agreement will terminate on the earlier of (i) the Effective Date, or (ii) the date immediately preceding the date that the consolidated net sales of TriMas are included in the consolidated net sales of MascoTech, Inc. After such date, Masco will be compensated for work performed for the TriMas companies under Masco's Corporate Services Agreement with MascoTech (the "MascoTech Corporate Services Agreement"). Finally, Masco agrees that, in calculating the fee payable under the MascoTech Corporate Services Agreement, MascoTech is entitled to the credits that were historically permitted to TriMas under the TriMas Corporate Services Agreement of up to \$250,000 per year for occupancy costs at TriMas' Ann Arbor headquarters (consisting of rent, utilities, maintenance and property taxes), office supplies and postage costs at TriMas' Ann Arbor headquarters and the credit historically provided for the Norris management services that had been discontinued by you when Masco Building Products shut down its operations.

If the foregoing is your understanding of our Agreement, please acknowledge by signing below on the attached copy of this letter, and returning same to the undersigned.

Very truly yours,

MASCOTECH, INC.

By /s/David B. Liner

*The foregoing is acknowledged
and agreed to:*

MASCO CORPORATION

By /s/John R. Leekley

**MASCO CORPORATION
1991 LONG TERM STOCK INCENTIVE PLAN**

(Amended and Restated April 23, 1997)

SECTION 1. PURPOSES

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to Masco Corporation (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

SECTION 2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.
- (b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "non-employee director" within the meaning of Rule 16b-3.
- (f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.
- (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- (h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.
- (l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.

(m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.

(o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.

(q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

(r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.

(s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(c) of the Plan.

(t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

SECTION 3. ADMINISTRATION

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

(i) designate Participants;

(ii) determine the types of Awards to be granted;

(iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;

(iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;

(v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;

(vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;

(viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;

2

3

- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;
- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;
- (xiii) delegate to directors of the Company the authority to designate Participants and grant Awards, and to amend Awards granted to Participants;
- (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

SECTION 4. SHARES AVAILABLE FOR AWARDS

- (a) Shares Available. Subject to adjustment as provided in Section 4(c):
 - (i) Initial Authorization. There shall be 8,000,000 Shares initially available for issuance under the Plan.
 - (ii) Acquired Shares. In addition to the amount set forth above, up to 8,000,000 Shares acquired by the Company subsequent to the 1997 Annual Meeting of Stockholders as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.
 - (iii) Shares Under Prior Plans. In addition to the amounts set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1988 Restricted Stock Incentive Plan and its 1988 Stock Option Plan shall thereafter be available for issuance hereunder.
 - (iv) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(v) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Individual Stock-Based Awards. Subject to adjustment as provided in Section 4(c), no Participant may receive Options or Stock Appreciation Rights under the Plan in any calendar year that relate to more than 1,000,000 Shares in the aggregate; provided, however, that such number may be increased with respect to any Participant by any Shares available for grant to such Participant in accordance with this Paragraph 4(b) in any prior years that were not granted in such prior year beginning on or after January 1, 1997. No provision of this Paragraph 4(b) shall be construed as limiting the amount of any other stock-based or cash-based Award which may be granted to any Participant.

(c) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

SECTION 5. ELIGIBILITY

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom

4

5

authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

SECTION 6. AWARDS

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option, provided, however, that such price shall be not less than 100% of the fair market value of the Shares underlying such Option on the date of grant;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash or in Shares (that have been held by the Participant for at least six months) or any combination thereof, at the option of the Participant, shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall

5

6

be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the Option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other stock option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a restoration Option shall not exceed the number of whole Shares exchanged in payment for the exercise of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

6

7

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

7

8

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

8

9

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Options shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Option may be assigned, for the purpose of determining compensation arising by reason of the Option shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall

10

11

include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(c), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company; or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D) (1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or

11

12

distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section

6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that

(x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

SECTION 7. AMENDMENT AND TERMINATION

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any out-standing Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards, and (iii) no Option may be amended to reduce its initial exercise price other than in connection with an event described in Section 4(c) hereof.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

12

13

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(c) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

SECTION 8. GENERAL PROVISIONS

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

13

14

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 9. EFFECTIVE DATE OF THE PLAN

The Plan shall be effective as of the date of its approval by the Company's stockholders.

**MASCO CORPORATION 1997 ANNUAL INCENTIVE
COMPENSATION PLAN**

SECTION 1. PURPOSE

The purpose of the Masco Corporation 1997 Annual Incentive Compensation Plan (the "Plan") is to provide selected executive officers of Masco Corporation (the "Company") with incentive compensation based upon the achievement of established annual performance goals.

SECTION 2. ELIGIBILITY

The individuals eligible to participate in the Plan (the "Participants") are the executive officers of the Company.

SECTION 3. PERFORMANCE PERIODS

Each Performance Period for purposes of the Plan shall have a duration of one calendar year, commencing January 1 and ending December 31.

SECTION 4. ADMINISTRATION

The Compensation Committee of the Board of Directors of the Company (the "Committee") shall have the full power and authority to administer and interpret the Plan and to establish rules for its administration.

SECTION 5. PERFORMANCE GOALS

On or before the 90th day of each Performance Period, the Committee shall establish in writing one or more performance criteria for the Performance Period and the weighting of the performance criteria if more than one. The performance criteria shall consist of one or more of the following: net income, earnings per share, cash flow, revenues, return on assets or total shareholder return.

SECTION 6. AWARDS

On or before the 90th day of each Performance Period, the Committee shall establish in writing a performance incentive award for such Participants as shall be designated by the Company and in such amounts as the Committee shall determine, subject to the limitations of the Plan. No award to any Participant shall be greater than \$2 million. The Committee shall have the power and authority to reduce or eliminate for any reason the amount of the award that would otherwise be payable to a Participant based on the performance criteria.

SECTION 7. CERTIFICATION AND PAYMENT

As soon as practicable after release of the Company's financial results for the Performance Period, the Committee will certify the Company's attainment of the criteria established for such Performance Period pursuant to Section 5, will calculate the possible payment of an award for each Participant and will certify the amount of the award to each Participant for such Performance Period. Payments of the awards shall be made in cash. To the extent net income is used alone or as a component of another performance criteria, it shall mean net income as reported to stockholders, but before losses resulting from discontinued operations, extraordinary losses (in accordance with generally accepted accounting principles, as currently in effect), the cumulative effect of changes in accounting principles and other unusual, non-recurring items of loss that are separately identified and quantified in the Company's audited financial statements.

SECTION 8. AMENDMENT

The Committee shall have the right to suspend or terminate this Plan at any time and may amend or modify the Plan at any time.

SECTION 9. ADOPTION AND DURATION

The Plan was approved by the Committee on February 18, 1997, subject to the approval of the stockholders of the Company at the 1997 Annual Meeting of Stockholders. The effective date of the Plan shall be January 1, 1997 and the Plan shall remain in effect for a period of five years.

1
EXHIBIT 10.L

**MASCO CORPORATION
1997 NON-EMPLOYEE DIRECTORS STOCK PLAN**

SECTION 1. PURPOSE

The purpose of this Plan is to ensure that the non-employee Directors of Masco Corporation (the "Company") have an equity interest in the Company and thereby have a direct and long term interest in the growth and prosperity of the Company by payment of part of their compensation in the form of common stock of the Company.

SECTION 2. ADMINISTRATION OF THE PLAN

This Plan will be administered by the Company's Board of Directors (the "Board"). The Board shall be authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. The Board's interpretation of the terms and provisions of this Plan shall be final and conclusive. The Secretary of the Company shall be authorized to implement the Plan in accordance with its terms and to take such actions of a ministerial nature as shall be necessary to effectuate the intent and purposes thereof. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

SECTION 3. ELIGIBILITY

Participation will be limited to individuals who are Eligible Directors, as hereinafter defined. Eligible Director shall mean any Director of the Company who is not an employee of the Company and who receives a fee for services as a Director.

SECTION 4. SHARES SUBJECT TO THE PLAN

- (a) Subject to the adjustments set forth below, the aggregate number of shares of Company Common Stock, par value \$1.00 per share ("Shares"), which may be the subject of awards issued under the Plan shall be 500,000.
- (b) Any Shares to be delivered under the Plan shall be made available from newly issued Shares or from Shares reacquired by the Company, including Shares purchased in the open market.
- (c) To the extent a Stock Option award, as hereinafter defined, terminates without having been exercised, or an award of Restricted Stock, as hereinafter defined, is forfeited, the Shares subject to such Stock Option or Restricted Stock award shall again be available for distribution in connection with future awards under the Plan. Shares equal in number to the Shares surrendered to the Company in payment of the option price or withholding taxes (if any) relating to or arising in connection with any Restricted Stock or Stock Option hereunder shall be added to the number of Shares then available for future awards under clause (a) above.
- (d) In the event of any merger, reorganization, consolidation, recapitalization, stock split, stock dividend, or other change in corporate structure affecting the Shares, the aggregate number of Shares which may be issued under the Plan, the number of Shares subject to Stock Options to be granted under Section 6(a) hereof and the number of Shares subject to any outstanding award of Restricted Stock or unexercised Stock Option shall be adjusted to avoid enhancement or diminution of the benefits intended to be made available hereunder.

SECTION 5. DIRECTOR STOCK COMPENSATION

- (a) The compensation of each Eligible Director for the five year period beginning January 1, 1997 shall be

1

2

payable in part with an award of Restricted Stock determined as set forth below, and in part in cash. Compensation for this purpose means annual retainer fees but does not include supplemental retainer fees for committee positions or fees for attendance at meetings, which shall be paid in cash. The portion of compensation payable in Restricted Stock during the five year period shall be equal to one-half of the annual compensation paid to Eligible Directors in the year immediately prior to the award multiplied by five, and the balance of compensation, unless otherwise determined by the Board, shall be payable in cash. Each award of Restricted Stock shall vest in twenty percent annual installments (disregarding fractional shares) on January 1 of each of the five consecutive years following the year in which the award is made. Subject to the approval of this Plan by the Company's stockholders, each Eligible Director on February 18, 1997 is awarded as of that date 3,470 Shares of Restricted Stock, based on the closing price of the Shares as reported on the New York Stock Exchange Composite Tape ("the NYSE") on February 18, 1997. Cash shall be paid to an Eligible Director in lieu of a fractional share.

(b) Subject to the approval of this Plan by the Company's stockholders, each Eligible Director who is first elected or appointed to the Board on or after the date of the Company's 1997 annual meeting of stockholders shall receive, as of the date of such election or appointment, an award of Restricted Stock determined in accordance with Section 5(a) for the five year period beginning on January 1 of the year in which such election or appointment occurred; provided, however, that the price of the Shares used in determining the number of Shares of Restricted Stock which shall be issued to such Eligible Director shall be the closing price of the Shares as reported on the NYSE on the date on which such Eligible Director is elected or appointed, and provided, further, that the amount of Restricted Stock awarded to any Eligible Director who begins serving as a Director other than at the beginning of a calendar year shall be prorated to reflect the partial service of the initial year of the Director's term, such proration to be effected in the initial vesting.

(c) Upon the full vesting of any award of Restricted Stock awarded pursuant to Section 5(a) or 5(b), each affected Eligible Director shall be eligible to receive a new award of Restricted Stock, subject to Section 4. The number of Shares subject to such award shall be determined generally in accordance with the provisions of Section 5(b); provided, however, that the Board shall have sole discretion to adjust the amount of compensation then to be paid in the form of Shares and the terms of any such award of Shares. Except as the Board may otherwise determine, any increase or decrease in an Eligible Director's annual compensation during the period when such Director has an outstanding award of Restricted Stock shall be implemented by increasing or decreasing the cash portion of such Director's compensation.

(d) Each Eligible Director shall be entitled to vote and receive dividends on the unvested portion of his or her Restricted Stock, but will not be able to obtain a stock certificate or sell, encumber or otherwise transfer such Restricted Stock except in accordance with the terms of the Company's 1991 Long Term Stock Incentive Plan (the "Long Term Plan"). If an Eligible Director's term is terminated by reason of death or permanent and total disability, the restrictions on the Restricted Stock will lapse and such Eligible Director's rights to the Shares will become vested on the date of such termination. If an Eligible Director's term is terminated for any reason other than death or permanent and total disability, the Restricted Stock that has not vested shall be forfeited and transferred back to the Company; provided, however, that a pro rata portion of the Restricted Stock which would have vested on January 1 of the year following the year of the Eligible Director's termination shall vest on the date of termination, based upon the portion of the year during which the Eligible Director served as a Director of the Company.

SECTION 6. STOCK OPTION GRANT

(a) Subject to approval of this Plan by the Company's stockholders, each Eligible Director on the date of such approval will be granted on such date a stock option to purchase 4,000 Shares (the "Stock Option"). Thereafter, on the date of each of the Company's subsequent annual stockholders meetings, each person who is or becomes an Eligible Director on that date and whose service on the Board will continue after such date shall be granted a Stock Option, subject to Section 4, effective as of the date of such meeting.

(b) Stock Options granted under this Section 6 shall be non-qualified stock options and shall have the following terms and conditions.

2

3

1. Option Price. The option price per Share shall be equal to the closing price of the Shares as reflected on the NYSE on the date of grant (or if there were no sales on such date, the most recent prior date on which there were sales).
2. Term of Option. The term of the Stock Option shall be ten years from the date of grant, subject to earlier termination in the event of termination of service as an Eligible Director. If an Eligible Director's term is terminated for any reason other than death at a time when such Director is entitled to exercise an outstanding Stock Option, then at any time or times within three months after termination such Stock Option may be exercised as to all or any of the Shares which the Eligible Director was entitled to purchase at the date of termination. If an Eligible Director dies at a time when such Director is entitled to exercise a Stock Option, then at any time or times within one year after death such Stock Option may be exercised as to all or any of the Shares which the Eligible Director was entitled to purchase immediately prior to such Director's death. Except as so exercised, such Stock Options shall expire at the end of such periods. That portion of the Stock Option not exercisable at the time of such termination shall be forfeited and transferred back to the Company on the date of such termination.
3. Exercisability. Subject to clause 2 above, each Stock Option shall vest and become exercisable with respect to twenty percent of the underlying Shares on each of the first five anniversaries of the date of grant, provided that the optionee is an Eligible Director on such date.
4. Method of Exercise. A Stock Option may be exercised in whole or in part during the period in which such Stock Option is exercisable by giving written notice of exercise to the Company specifying the number of shares to be purchased, accompanied by payment of the purchase price. Payment of the purchase price shall be made in cash, by delivery of Shares, or by any combination of the foregoing.
5. Non-Transferability. Unless otherwise provided by the terms of the Long Term Plan or the Board, (i) Stock Options shall not be transferable by the optionee other than by will or by the laws of descent and distribution, and (ii) during the optionee's lifetime, all Stock Options shall be exercisable only by the optionee or by his or her guardian or legal representative.
6. Stockholder Rights. The holder of a Stock Option shall, as such, have none of the rights of a stockholder.

SECTION 7. GENERAL

- (a) Plan Amendments. The Board may amend, suspend or discontinue the Plan as it shall deem advisable or to conform to any change in any law or regulation applicable thereto; provided, that the Board may not, without the authorization and approval of the stockholders of the Company: (a) modify the class of persons who constitute Eligible Directors as defined in the Plan; or (b) increase the total number of Shares available under the Plan. In addition, without the consent of affected participants, no amendment of the Plan or any award under the Plan may impair the rights of participants under outstanding awards.
- (b) Listing and Registration. If at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the Shares under the Plan upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of any award hereunder, no Shares may be delivered or disposed of unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board.
- (c) Award Agreements. Each award of Restricted Stock and Stock Option granted hereunder shall be evidenced by the Eligible Director's written agreement with the Company which shall contain such terms and conditions not inconsistent with the provisions of the Plan as shall be determined by the Board in its discretion.

MASCOTECH, INC.
1991 LONG TERM STOCK INCENTIVE PLAN

(Amended and Restated April 23, 1997)

SECTION 1. PURPOSES

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to MascoTech, Inc. (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

SECTION 2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.
- (b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "non-employee director" within the meaning of Rule 16b-3.
- (f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.
- (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- (h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.
- (l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.

(m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.

(o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.

(q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

(r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.

(s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(c) of the Plan.

(t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

SECTION 3. ADMINISTRATION

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

(i) designate Participants;

(ii) determine the types of Awards to be granted;

(iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;

(iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;

(v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;

(vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;

(viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;

2

3

- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;
- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;
- (xiii) delegate to directors of the Company the authority to designate Participants and grant Awards, and to amend Awards granted to Participants;
- (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

SECTION 4. SHARES AVAILABLE FOR AWARDS

(a) Shares Available. Subject to adjustment as provided in Section 4(c):

(i) Initial Authorization. There shall be 6,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 6,000,000 Shares acquired by the Company subsequent to the 1997 Annual Meeting of Stockholders as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Shares Under Prior Plans. In addition to the amounts set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1984 Restricted Stock Incentive Plan and its 1984 Stock Option Plan shall thereafter be available for issuance hereunder.

(iv) Accounting for Awards. For purposes of this Section 4,

3

4

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for Granting Awards under the Plan.

(v) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Individual Stock-Based Awards. Subject to adjustment as provided in Section 4(c), no Participant may receive Options or Stock Appreciation Rights under the Plan in any calendar year that relate to more than 1,000,000 Shares in the aggregate; provided, however, that such number may be increased with respect to any Participant by any Shares available for grant to such Participant in accordance with this Paragraph 4(b) in any prior years that were not granted in such prior year beginning on or after January 1, 1997. No provision of this Paragraph 4(b) shall be construed as limiting the amount of any other stock-based or cash-based Award which may be granted to any Participant.

(c) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

SECTION 5. ELIGIBILITY

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom

4

5

authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

SECTION 6. AWARDS

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option, provided, however, that such price shall not be less than 100% of the fair market value of the Shares underlying such Option on the date of grant;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash or in Shares (that have been held by the Participant for at least six months) or any combination thereof, at the option of the Participant, shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall

5

6

be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

7

8

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

8

9

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Options shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Option may be assigned, for the purpose of determining compensation arising by reason of the Option shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

9

10

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall

10

11

include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(c), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefore, by the acquiring or surviving after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

11

12

(D) (1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section

6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Coopers & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that

(x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

SECTION 7. AMENDMENT AND TERMINATION

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any out-standing Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards, and (iii) no Option may be amended to reduce its initial exercise price other than in connection with an event described in Section 4(c) hereof.

12

13

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

SECTION 8. GENERAL PROVISIONS

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

13

14

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 9. EFFECTIVE DATE OF THE PLAN

The Plan shall be effective as of the date of its approval by the Company's stockholders.

**MASCOTECH, INC. 1997 ANNUAL INCENTIVE
COMPENSATION PLAN**

SECTION 1. PURPOSE

The purpose of the MascoTech, Inc. 1997 Annual Incentive Compensation Plan (the "Plan") is to provide selected executive officers of MascoTech, Inc. (the "Company") with incentive compensation based upon the achievement of established annual performance goals.

SECTION 2. ELIGIBILITY

The individuals eligible to participate in the Plan (the "Participants") are the executive officers of the Company.

SECTION 3. PERFORMANCE PERIODS

Each Performance Period for purposes of the Plan shall have a duration of one calendar year, commencing January 1 and ending December 31.

SECTION 4. ADMINISTRATION

The Compensation Committee of the Board of Directors of the Company (the "Committee") shall have the full power and authority to administer and interpret the Plan and to establish rules for its administration.

SECTION 5. PERFORMANCE GOALS

On or before the 90th day of each Performance Period, the Committee shall establish in writing one or more performance criteria for the Performance Period and the weighting of the performance criteria if more than one. The performance criteria shall consist of one or more of the following: net income, earnings per share, cash flow, revenues, return on assets or total shareholder return.

SECTION 6. AWARDS

On or before the 90th day of each Performance Period, the Committee shall establish in writing a performance incentive award for such Participants as shall be designated by the Committee and in such amounts as the Committee shall determine, subject to the limitations of the Plan. No award to any Participant shall be greater than \$2 million. The Committee shall have the power and authority to reduce or eliminate for any reason the amount of the award that would otherwise be payable to a Participant based on the performance criteria.

SECTION 7. CERTIFICATION AND PAYMENT

As soon as practicable after release of the Company's financial results for the Performance Period, the Committee will certify the Company's attainment of the criteria established for such Performance Period pursuant to Section 5, will calculate the possible payment of an award for each Participant and will certify the amount of the award to each Participant for such Performance Period. Payments of the awards shall be made in cash. To the extent net income is used alone or as a component of another performance criteria, it shall mean net income as reported to stockholders, but before losses resulting from discontinued operations, extraordinary losses (in accordance with generally accepted accounting principles, as currently in effect), the cumulative effect of changes in accounting principles and other unusual, nonrecurring items of loss that are separately identified and quantified in the Company's audited financial statements.

SECTION 8. AMENDMENT

The Committee shall have the right to suspend or terminate this Plan at any time and may amend or modify the Plan at any time.

SECTION 9. ADOPTION AND DURATION

The Plan was approved by the Committee on February 17, 1997, subject to the approval of the stockholders of the Company at the 1997 Annual Meeting of Stockholders. The effective date of the Plan shall be January 1, 1997 and the Plan shall remain in effect for a period of five years.

1
EXHIBIT 10.q

MASCOTECH, INC.
1997 NON-EMPLOYEE DIRECTORS STOCK PLAN

SECTION 1. PURPOSE

The purpose of this Plan is to ensure that the non-employee Directors of MascoTech, Inc. (the "Company") have an equity interest in the Company and thereby have a direct and long term interest in the growth and prosperity of the Company by payment of part of their compensation in the form of common stock of the Company.

SECTION 2. ADMINISTRATION OF THE PLAN

This Plan will be administered by the Company's Board of Directors (the "Board"). The Board shall be authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. The Board's interpretation of the terms and provisions of this Plan shall be final and conclusive. The Secretary of the Company shall be authorized to implement the Plan in accordance with its terms and to take such actions of a ministerial nature as shall be necessary to effectuate the intent and purposes thereof. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

SECTION 3. ELIGIBILITY

Participation will be limited to individuals who are Eligible Directors, as hereinafter defined. Eligible Director shall mean any Director of the Company who is not an employee of the Company and who receives a fee for service as a Director.

SECTION 4. SHARES SUBJECT TO THE PLAN

(a) Subject to the adjustments set forth below, the aggregate number of shares of Company Common Stock, par value \$1.00 per share ("Shares"), which may be the subject of awards issued under the Plan shall be 500,000.

(b) Any Shares to be delivered under the Plan shall be made available from newly issued Shares or from Shares reacquired by the Company, including Shares purchased in the open market.

(c) To the extent a Stock Option award, as hereinafter defined, terminates without having been exercised, or an award of Restricted Stock, as hereinafter defined, is forfeited, the Shares subject to such Stock Option or Restricted Stock award shall again be available for distribution in connection with future awards under the Plan. Shares equal in number to the Shares surrendered to the Company in payment of the option exercise price or withholding taxes (if any) relating to or arising in connection with any Restricted Stock or Stock Option hereunder shall be added to the number of Shares then available for future awards under clause (a) above.

(d) In the event of any merger, reorganization, consolidation, recapitalization, stock split, stock dividend, or other change in corporate structure affecting the Shares, the aggregate number of Shares which may be issued under the Plan, the number of Shares subject to Stock Options to be granted under Section 6(a) hereof and the number of Shares subject to any outstanding award of Restricted Stock or unexercised Stock Option shall be adjusted to avoid enhancement or diminution of the benefits intended to be made available hereunder.

1

2

SECTION 5. DIRECTOR STOCK COMPENSATION

(a) The compensation of each Eligible Director for the five year period beginning January 1, 1997 shall be payable in part with an award of Restricted Stock determined as set forth below, and in part in cash. Compensation for this purpose means annual retainer fees but does not include supplemental retainer fees for committee positions or fees for attendance at meetings, which shall be paid in cash. The portion of compensation payable in Restricted Stock during the five year period shall be equal to one-half of the annual compensation paid to Eligible Directors in the year immediately prior to the award multiplied by five, and the balance of compensation, unless otherwise determined by the Board, shall be payable in cash. Each award of Restricted Stock shall vest in twenty percent annual installments (disregarding fractional shares) on January 1 of each of the five consecutive years following the year in which the award is made. Subject to the approval of this Plan by the Company's stockholders, each Eligible Director on February 17, 1997 is awarded as of that date 5,790 Shares of Restricted Stock, based on the closing price of the Shares as reported on the New York Stock Exchange Composite Tape (the "NYSE") on February 14, 1997, the last trading date preceding the grant. Cash shall be paid to an Eligible Director in lieu of a fractional share.

(b) Subject to the approval of this Plan by the Company's stockholders, each Eligible Director who is first elected or appointed to the Board on or after the date of the Company's 1997 annual meeting of stockholders shall receive, as of the date of such election or appointment, an award of Restricted Stock determined in accordance with Section 5(a) for the five year period beginning on January 1 of the year in which such election or appointment occurred; provided, however, that the price of the Shares used in determining the number of Shares of Restricted Stock which shall be issued to such Eligible Director shall be the closing price of the Shares as reported on the NYSE on the date on which such Eligible Director is elected or appointed, and provided, further, that the amount of Restricted Stock awarded to any Eligible Director who begins serving as a Director other than at the beginning of a calendar year shall be prorated to reflect the partial service of the initial year of such Director's term, such proration to be effected in the initial vesting.

(c) Upon the full vesting of any award of Restricted Stock awarded pursuant to Section 5(a) or 5(b), each affected Eligible Director shall be eligible to receive a new award of Restricted Stock, subject to Section 4. The number of Shares subject to such award shall be determined generally in accordance with the provisions of Section 5(b); provided, however, that the Board shall have sole discretion to adjust the amount of compensation then to be paid in the form of Shares and the terms of any such award of Shares. Except as the Board may otherwise determine, any increase or decrease in an Eligible Director's annual compensation during the period when such Director has an outstanding award of Restricted Stock shall be implemented by increasing or decreasing the cash portion of such Director's compensation.

(d) Each Eligible Director shall be entitled to vote and receive dividends on the unvested portion of his or her Restricted Stock, but will not be able to obtain a stock certificate or sell, encumber or otherwise transfer such Restricted Stock except in accordance with the terms of the Company's 1991 Long Term Stock Incentive Plan (the "Long Term Plan"). If an Eligible Director's term is terminated by reason of death or permanent and total disability, the restrictions on the Restricted Stock will lapse and such Eligible Director's rights to the Shares will become vested on the date of such termination. If an Eligible Director's term is terminated for any reason other than death or permanent and total disability, the Restricted Stock that has not vested shall be forfeited and transferred back to the Company; provided, however, that a pro rata portion of the Restricted Stock which would have vested on January 1 of the year following the year of the Eligible Director's termination shall vest on the date of termination, based upon the portion of the year during which the Eligible Director served as a Director of the Company.

SECTION 6. STOCK OPTION GRANT

2

3

(a) Subject to approval of this Plan by the Company's stockholders, each Eligible Director on the date of such approval will be granted on such date a stock option to purchase 5,000 Shares (the "Stock Option"). Thereafter, on the date of each of the Company's subsequent annual stockholders meetings, each person who is or becomes an Eligible Director on that date and whose service on the Board will continue after such date shall be granted a Stock Option, subject to Section 4, effective as of the date of such meeting.

(b) Stock Options Granted under this Section 6 shall be non-qualified stock options and shall have the following terms and conditions.

1. Option Price. The option price per Share shall be equal to the closing price of the Shares as reflected on the NYSE on the date of grant (or if there were no sales on such date, the most recent prior date on which there were sales).

2. Term of Option. The term of the Stock Option shall be ten years from the date of grant, subject to earlier termination in the event of termination of service as an Eligible Director. If an Eligible Director's term is terminated for any reason other than death at a time when such Director is entitled to exercise an outstanding Stock Option, then at any time or times within three months after termination such Stock Option may be exercised as to all or any of the Shares which the Eligible Director was entitled to purchase at the date of termination. If an Eligible Director dies at a time when such Director is entitled to exercise a Stock Option, then at any time or times within one year after death such Stock Option may be exercised as to all or any of the Shares which the Eligible Director was entitled to purchase immediately prior to such Director's death. Except as so exercised, such Stock Options shall expire at the end of such periods. That portion of the Stock Option not exercisable at the time of such termination shall be forfeited and transferred back to the Company on the date of such termination.

3. Exercisability. Subject to clause 2 above, each Stock Option shall vest and become exercisable with respect to twenty percent of the underlying Shares on each of the first five anniversaries of the date of grant, provided that the optionee is an Eligible Director on such date.

4. Method of Exercise. A Stock Option may be exercised in whole or in part during the period in which such Stock Option is exercisable by giving written notice of exercise to the Company specifying the number of shares to be purchased, accompanied by payment of the purchase price. Payment of the purchase price shall be made in cash, by delivery of Shares, or by any combination of the foregoing.

5. Non-Transferability. Unless otherwise provided by the terms of the Long Term Plan or the Board, (i) Stock Options shall not be transferable by the optionee other than by will or by the laws of descent and distribution, and (ii) during the optionee's lifetime, all Stock Options shall be exercisable only by the optionee or by his or her guardian or legal representative.

6. Stockholder Rights. The holder of a Stock Option shall, as such, have none of the rights of a stockholder.

SECTION 7. GENERAL

(a) Plan Amendments. The Board may amend, suspend or discontinue the Plan as it shall deem advisable or to conform to any change in any law or regulation applicable thereto; provided, that the Board may not, without the authorization and approval of the stockholders of the Company: (a) modify the class of persons who constitute Eligible Directors as defined in the Plan; or

(b) increase the total number of Shares available under the Plan. In addition, without the consent of affected participants, no amendment of the Plan or any award under the Plan may impair the rights of participants under outstanding awards.

3

4

(b) Listing and Registration. If at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the Shares under the Plan upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of any award hereunder, no Shares may be delivered or disposed of unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board.

(c) Award Agreements. Each award of Restricted Stock and Stock Option granted hereunder shall be evidenced by the Eligible Director's written agreement with the Company which shall contain such terms and conditions not inconsistent with the provisions of the Plan as shall be determined by the Board in its discretion.

EXHIBIT 10.r**DESCRIPTION OF THE MASCO CORPORATION PROGRAM FOR
ESTATE, FINANCIAL PLANNING AND TAX ASSISTANCE**

In order to assure that the Company's senior executives receive the full benefit of the Company's benefit programs given the complexities of the tax laws relating thereto, and remain focused on Company matters, the Company established a program to provide senior executives with assistance in their estate, financial planning and tax matters. Under this program, the Company will pay up to \$10,000 for such services each year, with a special "carry-forward" of the second year's \$10,000 allowance during the first year to cover additional costs that may be associated with developing initial estate plans. The Company will inform each participant during the course of this process as to the amount of professional fees allocated to services performed on such participant's behalf. The value of services received will be taxable as ordinary income to the participant.

AMENDMENT TO STOCK PURCHASE AGREEMENT

AMENDMENT dated as of May 21, 1997 between Masco Corporation, a Delaware corporation ("Masco"), and MascoTech, Inc., a Delaware corporation ("MSX").

WHEREAS, Masco and MSX are parties to a Stock Purchase Agreement, dated as of December 23, 1991 (the "Agreement"), whereby Masco purchased from MSX the fifty percent equity interest in Masco Capital Corporation, a Delaware corporation ("Masco Capital"), owned by MSX;

WHEREAS, a portion of the aggregate purchase price payable by Masco to MSX (the "Additional Payment") under the Agreement is based on Incremental Value, which, in turn is based on a Valuation;

WHEREAS, pursuant to Section 10 of the Agreement, the Oversight Committees of the Boards of Directors of Masco and MSX (the "Oversight Committees") elected to defer payment of the Additional Payment until after a September 30, 1996 determination of the Valuation and the Incremental Value; and

WHEREAS, the Boards of Directors of each of Masco and MSX, acting with the concurrence and based upon the recommendations of their respective Oversight Committees, have decided to again defer the Additional Payment until after December 31, 1996 and to continue the authority of the Oversight Committees in accordance with the terms of this Amendment.

NOW, THEREFORE, the parties hereto agree as follows:

1. Capitalized Terms. Unless indicated otherwise, capitalized terms used in this Amendment shall have the same meanings ascribed to them in the Agreement.
2. Determinations. The determinations of Valuation and Incremental Value will be made as of September 30, 1997, or such later date as the Oversight Committees may from time to time jointly determine.
3. Payment. The Additional Payment owing by Masco to MSX, if any, shall be paid within thirty (30) days after the Oversight Committees jointly determine the Valuation and Incremental Value.
4. Effect. This Amendment shall have the effect of modifying the Agreement, and except as modified, all of the provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

MASCO CORPORATION

MASCOTECH, INC.

By /s/Robert B. Rosowski

By /s/Timothy Wadhams

Robert B. Rosowski
Vice President - Controller
Controller
and Treasurer

Timothy Wadhams
Vice President -
and Treasurer

1
EXHIBIT 12

MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	(THOUSANDS OF DOLLARS)				
	YEAR ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
EARNINGS BEFORE INCOME TAXES AND FIXED CHARGES:					
Income from continuing operations before income taxes.....	\$630,900	\$502,700	\$351,790	\$292,830	\$349,190
Deduct/add equity in undistributed (earnings) loss of fifty-percent-or-less-owned companies.....	(19,470)	(12,310)	(17,770)	106,200	(13,750)
Add interest on indebtedness, net....	80,390	74,790	73,400	60,360	62,860
Add amortization of debt expense.....	1,260	1,400	1,930	2,220	2,650
Add estimated interest factor for rentals.....	8,150	6,150	4,970	4,220	3,190
Earnings before income taxes and fixed charges.....	\$701,230	\$572,730	\$414,320	\$465,830	\$404,140
FIXED CHARGES:					
Interest on indebtedness.....	\$ 83,520	\$ 77,250	\$ 76,460	\$ 63,220	\$ 63,600
Amortization of debt expense.....	1,260	1,400	1,930	2,220	2,650
Estimated interest factor for rentals.....	8,150	6,150	4,970	4,220	3,190
	\$ 92,930	\$ 84,800	\$ 83,360	\$ 69,660	\$ 69,440
Ratio of earnings to fixed charges.....	7.5	6.8	5.0	6.7	5.8

1
MASCO CORPORATION EXHIBIT 21
(a Delaware corporation)

Subsidiaries as of March 15, 1998*

Name -----	Jurisdiction of Incorporation or Organization -----
Alsons Corporation	Michigan
American Metal Products Company	Delaware
A.M.P. Industrial Mexicana S.A. de C.V. (97%)	Mexico
American Shower & Bath Corporation	Michigan
Aqua Glass Corporation	Tennessee
Aqua Glass West, Inc.	Delaware
Tombigbee Transport Corporation	Tennessee
Baldwin Hardware Corporation	Pennsylvania
Baldwin Decorative Coatings, Inc.	Delaware
Baldwin Hardware Service Corp.	Delaware
Brass-Craft Manufacturing Company	Michigan
Brass-Craft Holding Company	Michigan
Brass-Craft Canada Ltd.	Canada
Brass-Craft Western Company	Texas
Plumbers Quality Tool Mfg. Co., Inc.	Michigan
Tempered Products, Inc.	Taiwan
Thomas Mfg. Company Inc. of Thomasville	North Carolina
Brush Creek Ranch II, Inc.	Missouri
Cal-Style Furniture Mfg. Co.	California
Cobra Products, Inc.	Delaware
Delta Faucet Services International, Inc.	Delaware
Delta International Services, Inc.	Delaware
Epic Fine Arts Company	Delaware
Beacon Hill Fine Art Corporation	New York
Morning Star Gallery, Ltd.	New Mexico
Fieldstone Cabinetry, Inc.	Iowa
Flint & Walling Industries, Inc.	Delaware
Franklin Brass Manufacturing Co.	Delaware
Gale Industries, Inc.	Florida
Gamco Products Company	Delaware
KraftMaid Cabinetry, Inc.	Ohio
KraftMaid Trucking, Inc.	Ohio
KraftMaid Distribution Centers	Delaware
Landex, Inc.	Michigan
Landex of Wisconsin, Inc.	Wisconsin
Liberty Hardware Manufacturing Corporation	Florida

*Directly owned subsidiaries appear at the left hand margin, first tier and second tier subsidiaries are indicated by single and double indentation, respectively, and are listed under the names of their respective parent companies. Unless otherwise indicated, all subsidiaries are wholly-owned. Certain of these companies may also use trade names or other assumed names in the conduct of their business.

The Marvel Group, Inc.	Delaware
Masco AG Disposition, Inc.	Kentucky
Masco B.V.	Netherlands
Masco Building Products Corp.	Delaware
Computerized Security Systems, Inc.	Michigan
Thermador Corporation	California
Weiser Lock Corporation	California
Winfield Locks, Inc.	California
Masco Capital Corporation	Delaware
Masco Holdings Limited	Delaware
Masco Chile Limited (99%)	Chile
Masco Corporation of Indiana	Indiana
Damixa A/S	Denmark
KS Beheer B.V.	Netherlands
Damixa Nederland B.V.	Netherlands
N.V. Damixa S.A.	Belgium
Damixa Armaturen GmbH	Germany
Damixa SARL	France
Delta Faucet Company of Tennessee	Delaware
Delta Faucet of Oklahoma, Inc.	Delaware
Delta Faucet Services (Korea)	Korea
Delta Faucet Services (Singapore)	Singapore
Delta Faucet Services (Thailand)	Thailand
Hydrotech, Inc.	Michigan
Masco Canada Limited	Ontario
Masco Corporation Limited	United Kingdom
Berglen Furniture Limited	United Kingdom
Berglen Group Limited	United Kingdom
Kiloheat Limited	United Kingdom
Moore Group Limited	United Kingdom
Moore Furniture Group Limited	United Kingdom
NewTeam Export (Jersey) Limited	Jersey
NewTeam Ltd.	United Kingdom
Chromeco Ltd.	United Kingdom
Harplace Ltd.	United Kingdom
Masco Europe, Inc.	Delaware
Masco GmbH (98%)	Germany
Alfred Reinecke GmbH & Co. KG	Germany
Alma Kuechen Aloys Meyer GmbH & Co. KG	Germany
Duskabin - Wein Austria	Austria
E. Missel GmbH & Co. KG	Germany
Gebhardt Flaekttechnik Aktiebolag	Sweden
Gebhardt GmbH & Co. KG	Germany
Gebhardt Singapore	Singapore
Gebhardt Ventilatoren A/S	Denmark

2

3

Gebhardt Ventilatoren GmbH	Austria
HTH Haustechnische Handelsgesellschaft	Germany
Huppe Belgium N.V./S.A.	Belgium
Huppe GmbH	Austria
Huppe GmbH & Co. KG	Germany
Huppe Sarl	France
Huppe Czech Republik Republic	Czech
Huppe Netherlands	Holland
Huppe Poland	Poland
Huppe Switzerland	Switzerland
Huppe Italy	Italy
Intermart Insaat Malzemeleri Sanayi ve Ticaret AS	Turkey
Jung Pumpen GmbH	Austria
Jung Pumpen GmbH&Co. KG	Germany
Jung Pumpen SARL	France
Jung Pumpen United Kingdom Kingdom	United
Masco Belgium N.V.	Belgium
Vasco N.V.	Belgium
Thermic N.V.	Belgium
LTV Transport N.V.	Belgium
Vasco GmbH	Denmark
Vasco BC S.C.	France
Vasco Ltd. UK	Great Britain
Vasco B.V.	Netherlands
Vasco Ges.m.b.H	Austria
Vasco sp.z.o.o.	Poland
Masco Mobiliario S.L.	Spain
Alvic S.A.	Spain
Alvinor S.A.	Spain
Cockit S.A.	Spain
Cockit-Madrid S.L.	Spain
Desarollos Modulares (Barcelona) S.A.	Spain
Desarollos Modulares S.A.	Spain
Madetres S.A.	Spain
Ofitres S.A.	Spain
Reser Srl	Spain
SKS Stakusit-bautechnik GmbH	Germany
Bauelemente bertram GmbH	Germany
BBD Bauelemente Bertram Duisberg GmbH	Germany
elket Kunststoff-Technik GmbH&Co.	Germany
SKS Stakusit-Kunststoff GmbH&Co.	Germany
SKS Stakusit-STAHl-Kunststoff	Germany
SKS Stakusit POLSKA Sp.2.0.0.	Poland
SKS Stakusit GmbH	Austria

(Subsidiaries of Masco GmbH which is a wholly-owned subsidiary of Masco Corporation of Indiana cont'd)

N.V. Weiser Europe S.A.	Belgium
Rubinetterie Mariani S.P.A.	Italy
Studio Technico Sviluppo E. Recherche S.R.L.	Italy
Weiser Inc.	Canada
Weiser (U.K.) Ltd.	United Kingdom
Masco de Puerto Rico, Inc.	Puerto Rico
Masco International Sales, Inc.	Barbados
Masco International, Inc.	Delaware
Masco IRC, Inc.	Delaware
Masco Japan Limited	Delaware
Masco Philippines Inc.	Philippines
Masco of Russia	Russia
Masco Services, Inc.	Delaware
Masco Training Services, Inc.	Delaware
Mascomex S.A. de C.V.	Mexico
Melard Manufacturing Corp.	Delaware
Merillat Industries, Inc.	Michigan
Merillat Corporation	Delaware
Merillat Transportation Company	Delaware
Morgantown Plastics Company	Delaware
Outlet Corp.	Delaware
Peerless Faucet Sales Corporation	Delaware
StarMark, Inc.	South Dakota
SMI Retail Corp.	Delaware
SMI Transportation, Inc.	Delaware
StarMark of Virginia, Inc.	Virginia
Texwood Industries, Inc.	Delaware
Quality Cabinets Inc.	Texas
Quality Doors Inc.	Texas
Vapor Technologies, Inc.	Delaware
Watkins Manufacturing Corporation	California
Hot Spring Spas New Zealand (50%)	New Zealand
W/C Technology Corporation	Delaware
Zenith Products Corporation	Delaware

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33-53330, 33-2374, 33-53959, 33-53985, 33-60031, 333-27765 and 333- 36477) and Form S-8 (Registration Nos. 2-95969, 33-28142, 33-42229 and 333-30867) of our report dated February 13, 1998, on our audits of the consolidated financial statements and financial statement schedule of Masco Corporation and subsidiaries as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997, which report is included in this Annual Report on Form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
March 24, 1998

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33-53330, 33-2374, 33-53959, 33- 53985, 33-60031, 333-27765 and 333-36477) and Form S-8 (Registration Nos. 2-95969, 33-28142, 33-42229 and 333-30867) of our report dated February 17, 1998, on our audits of the consolidated financial statements and financial statement schedule of MascoTech, Inc. and subsidiaries as of December 31,1997 and 1996 and for each of the three years in the period ended December 31,1997 which report is included in this Annual Report on Form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
March 24, 1998

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S DECEMBER 31, 1997 FORM 10-K. THIS INFORMATION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1997
PERIOD END	DEC 31 1997
CASH	441,330
SECURITIES	0
RECEIVABLES	578,850
ALLOWANCES	19,800
INVENTORY	515,000
CURRENT ASSETS	1,626,720
PP&E	1,625,370
DEPRECIATION	588,050
TOTAL ASSETS	4,333,760
CURRENT LIABILITIES	620,000
BONDS	1,321,470
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	165,570
OTHER SE	2,063,450
TOTAL LIABILITY ANDEQUITY	4,333,760
SALES	3,760,000
TOTAL REVENUES	3,760,000
CGS	2,378,250
TOTAL COSTS	2,378,250
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	79,850
INCOME PRETAX	630,900
INCOME TAX	248,500
INCOME CONTINUING	382,400
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	382,400
EPS PRIMARY	2.39
EPS DILUTED	2.30

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S FORM 10-Q'S FOR THE FIRST, SECOND AND THIRD QUARTERS OF 1997. THIS INFORMATION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS, EXCEPT FOR PRIMARY (WHICH IS BASIC) AND DILUTED EARNINGS PER SHARE INFORMATION WHICH HAS BEEN RESTATED TO CONFORM WITH THE DECEMBER 31, 1997 PRESENTATION.

RESTATE:

PERIOD TYPE	9 MOS	6 MOS	3 MOS
FISCAL YEAR END	DEC 31 1997	DEC 31 1997	DEC 31 1997
PERIOD END	SEP 30 1997	JUN 30 1997	MAR 31 1997
CASH	379,040	333,170	327,590
SECURITIES	0	0	0
RECEIVABLES	607,380	556,570	536,980
ALLOWANCES	22,930	19,050	18,560
INVENTORY	496,920	448,270	424,700
CURRENT ASSETS	1,569,010	1,410,800	1,362,080
PP&E	1,588,950	1,503,590	1,483,450
DEPRECIATION	584,780	553,940	544,390
TOTAL ASSETS	4,223,620	3,796,290	3,684,130
CURRENT LIABILITIES	641,590	510,320	479,690
BONDS	1,321,250	1,228,730	1,216,170
PREFERRED MANDATORY	0	0	0
PREFERRED	0	0	0
COMMON	165,170	161,650	161,240
OTHER SE	1,978,960	1,790,180	1,725,350
TOTAL LIABILITY ANDEQUITY	4,223,620	3,796,290	3,684,130
SALES	2,770,000	1,767,000	854,000
TOTAL REVENUES	2,770,000	1,767,000	854,000
CGS	1,751,700	1,117,700	539,500
TOTAL COSTS	1,751,700	1,117,700	539,500
OTHER EXPENSES	0	0	0
LOSS PROVISION	0	0	0
INTEREST EXPENSE	58,200	37,400	18,500
INCOME PRETAX	461,500	291,600	139,200
INCOME TAX	184,600	116,500	55,700
INCOME CONTINUING	276,900	175,100	83,500
DISCONTINUED	0	0	0
EXTRAORDINARY	0	0	0
CHANGES	0	0	0
NET INCOME	276,900	175,100	83,500
EPS PRIMARY	1.74	1.11	0.53
EPS DILUTED	1.68	1.07	0.51

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S 1996 FORM 10-K AND ITS FORM 10-Q'S FOR THE FIRST, SECOND AND THIRD QUARTERS OF 1996. THIS INFORMATION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS, EXCEPT FOR PRIMARY (WHICH IS BASIC) AND DILUTED EARNINGS PER SHARE INFORMATION WHICH HAS BEEN RESTATED TO CONFORM WITH THE DECEMBER 31, 1997 PRESENTATION.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	YEAR	9 MOS	6 MOS	3 MOS
FISCAL YEAR END	DEC 31 1996	DEC 31 1996	DEC 31 1996	DEC 31 1996
PERIOD END	DEC 31 1996	SEP 30 1996	JUN 30 1996	MAR 31 1996
CASH	473,730	196,500	73,030	45,690
SECURITIES	0	0	0	0
RECEIVABLES	484,800	543,020	508,750	505,370
ALLOWANCES	17,900	16,980	16,150	15,630
INVENTORY	411,940	417,130	399,360	389,400
CURRENT ASSETS	1,429,770	1,212,230	1,038,040	991,110
PP&E	1,474,080	1,435,500	1,398,050	1,367,780
DEPRECIATION	533,490	529,050	514,000	502,440
TOTAL ASSETS	3,701,650	3,489,820	3,918,760	3,802,960
CURRENT LIABILITIES	518,440	497,570	476,840	420,940
BONDS	1,236,320	1,102,020	1,622,040	1,594,890
PREFERRED MANDATORY	0	0	0	0
PREFERRED	0	0	0	0
COMMON	160,870	160,710	160,540	160,430
OTHER SE	1,678,940	1,616,460	1,552,930	1,523,740
TOTAL LIABILITY ANDEQUITY	3,701,650	3,489,820	3,918,760	3,802,960
SALES	3,237,000	2,394,000	1,551,000	764,000
TOTAL REVENUES	3,237,000	2,394,000	1,551,000	764,000
CGS	2,048,070	1,498,900	976,900	480,330
TOTAL COSTS	2,048,070	1,498,900	976,900	480,330
OTHER EXPENSES	0	0	0	0
LOSS PROVISION	0	0	0	0
INTEREST EXPENSE	74,680	54,900	34,000	17,500
INCOME PRETAX	502,700	353,000	216,700	106,800
INCOME TAX	207,500	141,200	86,700	44,800
INCOME CONTINUING	295,200	211,800	130,000	62,000
DISCONTINUED	0	0	0	0
EXTRAORDINARY	0	0	0	0
CHANGES	0	0	0	0
NET INCOME	295,200	211,800	130,000	62,000
EPS PRIMARY	1.87	1.34	0.82	0.39
EPS DILUTED	1.82	1.31	0.80	0.38

ARTICLE 5
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S DECEMBER 31, 1995 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS, EXCEPT FOR PRIMARY (WHICH IS BASIC) AND DILUTED EARNINGS PER SHARE INFORMATION WHICH HAS BEEN RESTATED TO CONFORM WITH THE DECEMBER 31, 1997 PRESENTATION.

RESTATED:
MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1995
PERIOD START	JAN 01 1995
PERIOD END	DEC 31 1995
CASH	60,470
SECURITIES	0
RECEIVABLES	456,200
ALLOWANCES	16,300
INVENTORY	391,760
CURRENT ASSETS	964,500
PP&E	1,342,370
DEPRECIATION	485,680
TOTAL ASSETS	3,778,630
CURRENT LIABILITIES	445,850
BONDS	1,577,100
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	160,380
OTHER SE	1,495,050
TOTAL LIABILITY AND EQUITY	3,778,630
SALES	2,927,000
TOTAL REVENUES	2,927,000
CGS	1,846,330
TOTAL COSTS	1,846,330
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	73,800
INCOME PRETAX	351,790
INCOME TAX	151,740
INCOME CONTINUING	200,050
DISCONTINUED	(641,730)
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(441,680)
EPS PRIMARY	(2.82)
EPS DILUTED	(2.75)

End of Filing