

# **CHARTER OF THE ORGANIZATION AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

## **MASCO CORPORATION**

**October 21, 2010**

### **I. MISSION**

The Organization and Compensation Committee (the “Committee”) of the Board of Directors of Masco Corporation shall review, approve and report to the Board regarding the Company’s executive compensation programs to ensure the attraction, retention and appropriate reward of senior corporate executives, to motivate their performance in the achievement of the Company’s business objectives, and to align their interests with the long-term interests of the Company’s shareholders. The Committee shall discharge the Board’s responsibilities relating to the evaluation of the Company’s management and the compensation of the Company’s senior corporate executives, and review and approve the report on executive compensation that Securities and Exchange Commission rules require to be included in the Company’s annual proxy statement.

### **II. MEMBERSHIP AND AUTHORITY**

The Committee shall consist of at least three members. Each member of the Committee shall be determined by the Board to qualify as an “independent” director under applicable law and the rules of the New York Stock Exchange. Additionally, all Committee members will be determined by the Board to meet the definitions of (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Corporate Governance and Nominating Committee shall recommend nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Board will appoint a Committee Chairperson.

The Committee shall meet as often as is required to discharge its responsibilities under this charter. The Committee will meet from time to time in executive sessions without management participation. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

The Committee has the authority to retain and terminate, and shall have sole authority over any independent legal, financial or other advisors as it may consider necessary to carry out its responsibilities under this charter, without conferring with or obtaining the approval of management or the full Board. This authority shall include the sole authority to retain and terminate any compensation consultant assisting the Committee in the evaluation of Chief Executive Officer or other senior corporate executive compensation, including sole authority to approve all such compensation consultant’s fees and other retention terms.

The Committee may delegate its authority to subcommittees or the Chairperson of the Committee when it deems appropriate and in the best interests of the Company.

The Committee may delegate to two or more Directors of the Company the authority to make stock option and restricted stock award grants to any non-Section 16 officer and to other employees of the Company, including the authority to amend such grants, under such of the Company's incentive-compensation or other equity-based plans as the Committee deems appropriate and in accordance with the terms of such plans.

### **III. RESPONSIBILITIES**

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters.

**General Compensation Policies.** Review and approve the Company's compensation and benefits policies generally (subject, if applicable, to shareholder ratification), including reviewing and approving any generally applicable incentive compensation plans and equity-based plans of the Company. Make an annual determination whether the Company's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.

**Plan Recommendations.** Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.

**Approval of Awards.** Approve and ratify the grant of awards under the Company's incentive compensation and equity-based plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans.

**Executive Compensation.** For each of the Company's senior corporate executives, review and approve corporate goals and objectives relevant to executive compensation, evaluate each executive's performance in light of such goals and objectives, and set each executive's compensation based on such evaluation and such other factors as the Committee deems appropriate and in the best interests of the Company. This review shall be conducted by the Committee with the Chief Executive Officer for all senior corporate executives other than the Chief Executive Officer.

Determine the long-term incentive compensation component of senior corporate executives' compensation by considering the Company's performance and relative shareholder return, the value of similar incentive awards to executives at comparable companies, the awards given to such executive in past years and such other factors as the Committee deems appropriate and in the best interests of the Company.

Review management's recommendations on and approve executive compensation programs including base salaries, annual incentive plans, long-term incentive plans, employee benefit plans, perquisites and compensatory contracts, if any.

**Annual Reports.** Annually review and discuss with management the Compensation Discussion and Analysis ("CD&A") and determine whether to recommend to the Board the inclusion of the CD&A in the Company's annual proxy statement and Annual Report on Form 10-K (generally through incorporation by reference to the proxy statement). Annually prepare a Committee report regarding the review and discussion of the CD&A to be included in the Company's annual proxy statement, in accordance with applicable rules and regulations.

**Management Succession.** The Committee shall, in consultation with the Company's Chief Executive Officer and President, periodically review the Company's management succession planning including policies for the selection and succession of senior corporate executives in the event of their incapacitation, retirement or removal, and evaluations of, and development plans for, any potential successors to such executives.

**Approval of Officers.** The Committee shall annually approve and recommend to the Board the election of officers.

**Committee Charter.** The Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval

#### **IV. BOARD REPORTING**

The Committee shall report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to Company compensation and benefits policies, executive compensation, management succession planning and any other matters that the Committee deems appropriate or is requested to be included by the Board. When presenting any recommendation or advice to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

At least annually, the Committee shall evaluate its own performance and report to the Board on such evaluation.