

# MASCO

MASCO CORPORATION

October 23, 2001

Office of the Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Public Avail. Date: 11/21/01 0128200209

Act	Section	Rule
1934	14(a)	14a-8

Re: Shareholder Proposal Submitted by Richard Dee

Ladies and Gentlemen:

On October 9, 2001, Masco Corporation ("Masco") received a shareholder proposal (the "Proposal") from Richard A. Dee (the "Proponent") for inclusion in the proxy statement and form of proxy to be distributed to Masco shareholders in connection with Masco's 2002 annual meeting of shareholders (the "2002 Proxy Materials"). For the reasons set forth below, Masco intends to omit the Proposal, including the accompanying supporting statements, from its 2002 Proxy Materials and respectfully requests that the staff of the Division of Corporation Finance of the Securities and Exchange Commission (the "Division") confirm that it will not recommend any enforcement action to the Commission if Masco does so.

In accordance with Rule 14a-8(j), enclosed are six copies of the Proposal, its supporting statement and this letter, which includes Masco's reasons for excluding the Proposal and supporting statement. A copy of this submission with attachments is being furnished simultaneously to the Proponent.

On December 23, 1999, Proponent submitted a shareholder proposal to Masco that was included in Masco's 2000 proxy statement. Neither Proponent nor his representative appeared to present the proposal at the 2000 Meeting on May 17, 2000.

On December 22, 2000, Proponent submitted a proposal for inclusion in Masco's 2001 proxy statement. Masco asked the Division to confirm that the staff would not recommend enforcement action if Masco were to exclude the proposal based upon Rule 14a-8(h)(3). Rule 14a-8(h)(3) states that "*if [a proponent] or [a] qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of [the proponent's] proposals from the company's proxy materials for any meetings held in the following two calendar years*".

On March 20, 2001, following supplemental correspondence from both Mr. Dee and Masco, the Division issued a no-action letter stating that the Proponent had failed to present his proposal at the 2000 Meeting and had not stated a "good cause" for such

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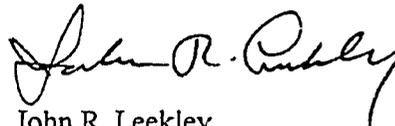
failure, and that it would therefore not recommend enforcement action if Masco excluded the proposal from its 2001 proxy materials. (See Exhibit A).

Based upon Rule 14a-8(h)(3) and the precedent of the Division's March 20, 2001 no-action letter, Masco believes that it is allowed to exclude the Proposal from the 2002 Proxy Materials and respectfully requests that the Division advise Masco that no enforcement action will be recommended to the Commission if the Proposal is omitted from Masco's 2002 Proxy Materials. Masco believes that other reasons, set forth in its correspondence last year with the staff of the Division, entitle Masco to exclude the Proposal and supporting statement from this year's proxy statement. In light of the unambiguous language of the Rule and precedent from last year's decision of the staff, Masco does not believe it necessary at this time to raise these other issues.

Please direct any questions to the undersigned at (313) 792-6340. My fax number is (313) 792-4107. Please acknowledge receipt of this filing by date-stamping the enclosed additional copy of this letter and returning it in the enclosed pre-addressed postage paid envelope.

Thank you for your consideration of these matters.

Sincerely,



John R. Leekley  
Senior Vice President  
and General Counsel

cc: Richard A. Dee

RICHARD A. DEE  
Stockholder Proposal - 2002 Proxy Statement  
MASCO CORPORATION  
Submitted October 9, 2001

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"Masco stockholders hereby request that the Board of Directors promptly adopt a resolution prohibiting directors from having business relationships of any kind, direct or indirect, regardless of extent, with the company, with members of its management, with other directors, or with managements and directors of present and/or former affiliates.

"Since 1978, I have originated and sponsored a number of Corporate Governance type proposals - including the first such proposal. As a banker, investment banker, and investor, I have known and worked with directors and senior managers of many publicly-owned companies. I am familiar with their roles, and I know what stockholders have a right to expect from them.

"Six years of intensive research and investigation of Masco - and of its management and directors - has absolutely convinced me that business relationships, regardless of extent, between directors and companies on whose boards they serve are undesirable, unnecessary - and absolutely unjustifiable.

"This proposal calls for urgently-needed and long-overdue reform of the Masco board. It confronts the fact that the Masco board is ingrown, with directors beholden to senior management and/or fellow directors. Immense and flagrant conflicts of interest have been routinely ignored - causing severe damage to outside stockholders.

"I believe it fair for stockholders to ask: "How independent and objective will a director be if he and/or his firm stands to make or not make many millions of dollars depending upon whether he votes for or against projects, including acquisitions, proposed by management?"

"Directors Morgan and Istock profited greatly from what I consider Masco's ill-conceived 1999 acquisition spree - which increased substantially Masco's dependence on a single customer; increased long-term debt by 50%, and diluted the stock by 30%. With subsequent financial results disappointing, Masco incurred substantial additional long-term debt - which stood at a whopping 3.7 times tangible stockholders' equity when this proposal was submitted.

"Even though the independence and objectivity of directors who serve as members of the Audit and the Compensation Committees should be unquestionable, directors Morgan and Istock serve on those vital committees.

"Masco insiders, thanks to lush, undeserved, and unjustifiable option and compensation plans - designed by management and approved by directors - regularly profit greatly, without risk, by exercising options and dumping the stock. Furthermore, those who received huge amounts of stock as a result of acquisitions have been dumping their stock. Apparently, those who know the most about Masco and its prospects have the least confidence in it

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**RICHARD A. DEE**  
**Stockholder Proposal - 2002 Proxy Statement**  
**MASCO CORPORATION**  
**Submitted October 9, 2001**

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"Continual restructurings, restatements of financial results, acquisitions, "reunions", and the shuttling of companies and profits and losses between affiliates, have enabled Masco to obscure true financial conditions and operating results. These tactics have made meaningful comparisons and realistic stock valuations impossible. How many stockholders have the background, time, and inclination to unravel the tangled web Masco weaves?"

"Masco's true investors, its long-term stockholders, have endured a roller-coaster ride as risk-laden Masco stock has fluctuated widely and performed abysmally because, I believe, Masco directors and management have placed their interests ahead of those of the company and its outside stockholders..

"Please vote FOR this proposal."

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## RICHARD A. DEE

By Fax To (313) 792-6135

October 9, 2001

Mr. Eugene A. Gargaro, Jr., Esq.  
Secretary  
Masco Corporation  
21001 Van Born Road  
Taylor, Michigan 48180

Re: Stockholder Proposal - Masco Corporation 2002 Proxy Statement

Dear Mr. Gargaro:

Enclosed please find my Stockholder Proposal to be included in the Masco Corporation Proxy Statement for the 2002 Annual Meeting of Stockholders. The Proposal is being submitted in accordance with applicable provisions of Rule 14a-8 [17 CFR 240.14a.8] under the Securities Exchange Act of 1934, as amended.

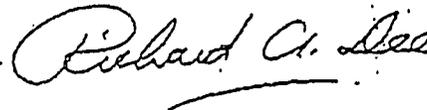
The Proposal is being submitted as it is to appear in the Proxy Statement, the order, the paragraphing, and the type and format characteristics (i.e. use of bold, underlines, and italic).

I own a total of 34,560 shares of Masco Corporation common stock, all of which has been owned for a period longer than one year from the date on which this proposal is being submitted. I own directly and of record 560 shares, and 34,000 shares in street name.

I intend to continue to own qualifying shares through the date on which the Annual Meeting will be held.

Please acknowledge receipt of the Proposal, by fax, at your earliest convenience.

Sincerely,



Enclosures: Proposal (2 pages)

115 East 89th Street New York, NY 10128 (212) 831-3191 Fax (212) 831-0102

November 21, 2001

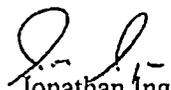
**Response of the Office of Chief Counsel  
Division of Corporation Finance**

Re: Masco Corporation  
Incoming letter dated October 23, 2001

The proposal requests that the board adopt a resolution prohibiting all Masco directors from having business relationships of any kind with individuals and entities specified in the proposal.

There appears to be some basis for your view that Masco may exclude the proposal under rule 14a-8(h)(3). We note your representation that Masco included the proponent's proposal in its proxy statement for its 2000 annual meeting, but that neither the proponent nor his representative presented the proposal at this meeting. Moreover, the proponent has not stated a "good cause" for the failure to present the proposal. Under the circumstances, we will not recommend enforcement action to the Commission if Masco omits the proposal from its proxy materials in reliance on rule 14a-8(h)(3).

Sincerely,

  
Jonathan Ingram  
Special Counsel