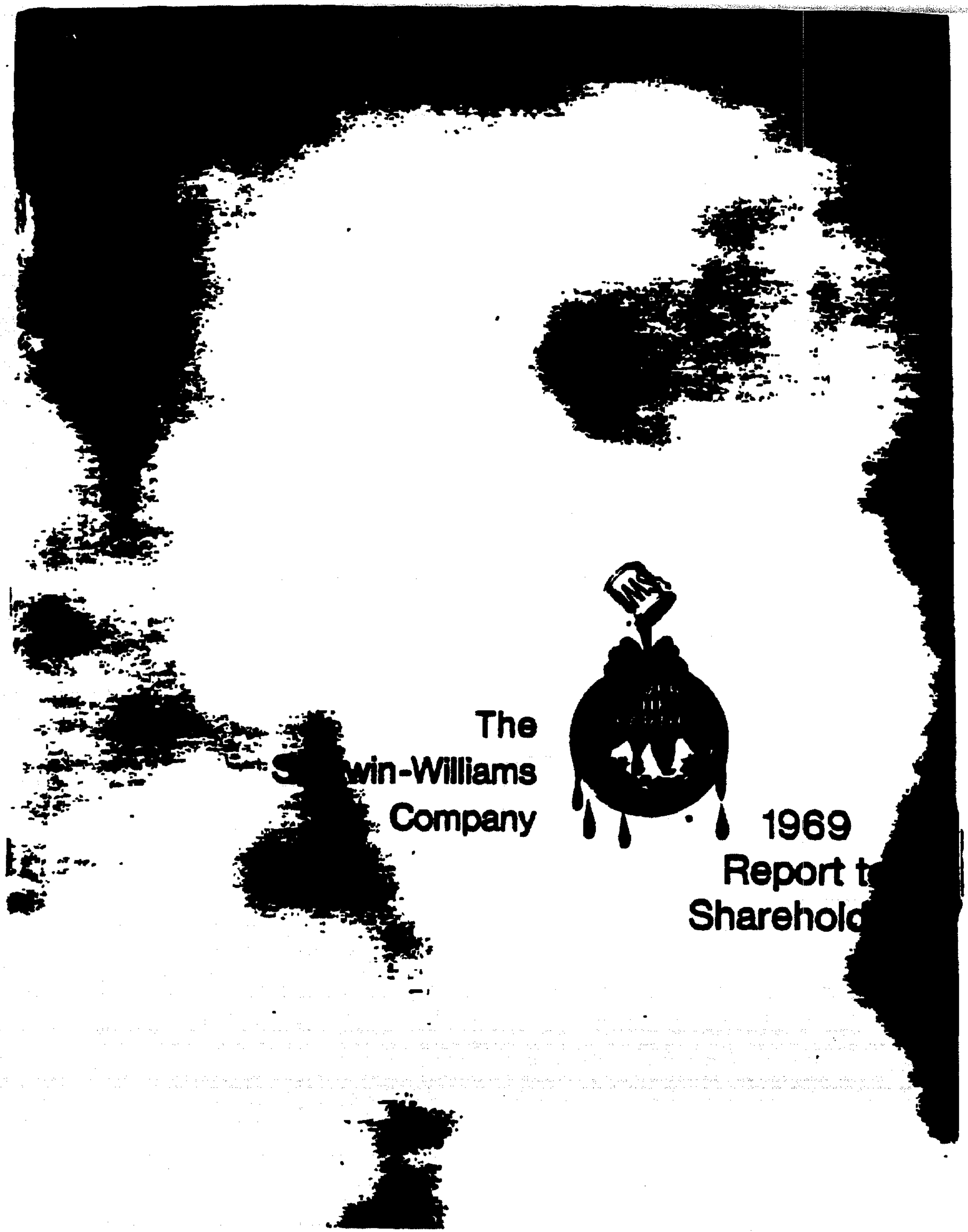


The Sherwin-Williams Company

1969 Report to Shareholders

Change . . . .

At Sherwin-Williams — the paintmaker plus — change is continuous. Change is inevitable in products, processes, markets and in the information on which business decisions are based.

Methods of challenging and motivating people also change. In recognition of this, we must anticipate and employ a variety of programs to develop people to the full extent of their capabilities.

We invite your attention to a special section of this report on pages 23, 24, and 25, which tells how these exciting challenges of change are viewed and dealt with in our Company.

Table of Contents

Annual Meeting

The annual meeting of Shareholders will be held at 10:30 A.M., December 17, 19[illegible], at the Sheraton-Cleveland Hotel, Public Square, Cleveland, Ohio.

[illegible]

Financial Highlights

	August 31	
	1969	1968
Net sales	$495,139,134	$452,526,660
Income before income taxes	30,471,731	38,271,098
Income taxes—United States and foreign	11,829,912	17,281,235
Net income	18,641,819	18,989,863
Cash dividends declared:		
Preferred	1,045,175	299,443
Common	10,650,863	10,616,510
Per Common Share:		
Net income	3.29	3.36
Cash flow	5.18	5.11
Dividends paid	2.00	2.00
Working capital	169,675,484	162,918,649
Ratio of current assets to current liabilities	4.78 to 1	4.93 to 1
Capital expenditures	30,72[illegible]8	31,303,399
Provisions for depreciation	8,26[illegible]19	7,885,271

To Our Shareholders

Despite reaching the highest level of sales in our history on a very satisfactory sales gain of 9.4%, earnings on common shares, after provision for preferred dividends, declined from $3.36 to $3.29 per share. The increase in dollars of gross profit resulting from increased sales volume was offset by the effect of inflation on wages and salaries, interest, taxes other than federal, depreciation, and the pre-operating costs of the titanium dioxide plant. These cost increases were anticipated with the exception of the rate of interest on borrowed money, which advanced greatly beyond our expectations earlier in the fiscal year.

This upward thrust of costs generally, together with a reduced rate of sales gain, was particularly acute in the fourth quarter. The entire paint industry experienced disappointing exterior paint sales by reason of the extremely wet weather in virtually all parts of the country from April through July.

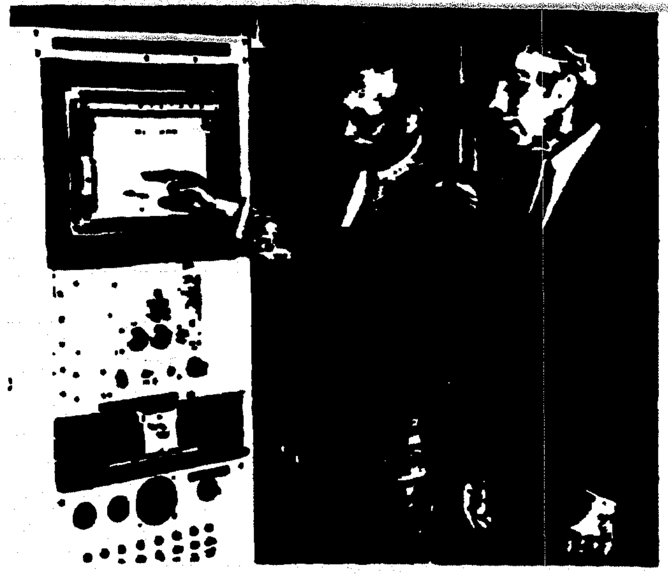
While the effect of cost increases for the year as a whole was moderated by a healthy increase over the previous year in the investment tax credit, not all of the additional costs could be recovered through price increases or production efficiencies.

It is reasonable to expect inflationary pressures to continue in 1970. However, we look for some decline in the rate of inflation. This, together with a significant drop in the start-up costs of new facilities, should have a salutary effect on operations.

For three years we have looked forward to fiscal 1970 as the year in which we could achieve a demonstrable turn-around in earnings. However, it is virtually impossible to measure the extent to which short-term uncertainties in the economy may make this turn-around difficult to achieve. As an illustration, the housing industry at the moment is in a private recession all its own, although it is widely recognized that the long-term housing outlook is extremely bright. In summary, our profit picture for fiscal 1970 centers around the level of business activity generally, the level of personal spending, and the availability of mortgage money in the months ahead—particularly next spring and summer, as it is in that period that most of our earnings are achieved.

While there are indications of some softening in the consumer sector of our business, we are happy to report that our sales of industrial finishes, chemicals and containers continue to be very good. We expect these areas to remain strong, even if the economy should become less buoyant.

Walter O. Spencer, executive vice president, and President E. Colin Baldwin examining a gel permeation chromatogram. This instrument records information that enables research personnel to determine molecular size distribution in polymers.



Despite any immediate uncertainties, we look to the future with confidence. This confidence is based on our faith in the underlying strength of our Company. This strength is in our people, modernized and expanded facilities, technology, unparalleled distribution system and the strong demand for our products which surely lies ahead.

At the Annual Shareholders' Meeting in December 1968, two new directors were elected. Mr. Allen C. Holmes, a partner in the law firm of Jones, Day, Cockley & Reavis, succeeded Mr. Arthur W. Steudel who retired from the Board and is now an honorary member of the Board. Mr. Walter O. Spencer succeeded Mr. S. B. Coolidge, Jr. who has retired.

There were three important management changes made during the fiscal year.

In addition to becoming a director, Mr. Walter O. Spencer was elected Executive Vice President. Mr. Spencer, who is forty-two years of age, has been associated with the Company since 1949. He has been Manager of Sherwin-Williams plants in Venezuela, British Columbia and Cleveland. Subsequently, he was General Manager of Chicago Operations—the Company's largest. He then returned to the Company's headquarters as General Manager of Manufacturing and was, prior to his present position, Vice President—Operations.

Mr. Arthur B. Holton was elected Vice President & Technical Advisor to the President. Mr. Holton was, for many years, Technical Director for paint, varnish and lacquer products and is well known throughout the industry for his technical contributions.

Mr. George Schlaudecker, formerly President of Maumee Chemical Company, was appointed General Manager of the new consolidated Chemicals Division. Mr. Schlaudecker brings to this new responsibility a wealth of experience in all areas of this important segment of our business.

On behalf of the Directors, I take pleasure in expressing to our 20,242 employees our appreciation for their co-operation and loyalty in an exceedingly difficult year.

E. C. Baldwin

President

0007-SWP-034999

Operating Review

The Company's $100,000,000 program for expanding and modernizing manufacturing facilities is nearing completion. In the three years since the program was begun, $87,000,000 has been invested in completed physical facilities. Another $9,400,000 is committed to projects now under way and the balance of earmarked funds will be committed during the coming fiscal year.

Among the major facilities that came into use during the 1969 fiscal year were the new alkali blue plant; the A. W. Steudel Technical Center, the revamped isatoic anhydride plant; and the enlarged production facilities of The Lowe Brothers Co. Division at Dayton, Ohio.

Construction of the $21,500,000 titanium dioxide pigment plant at Ashtabula was completed late in the fiscal year and preliminary start-up operations were begun in August. The operation of the plant is on schedule and it is now producing pigment of very satisfactory quality.

Projects currently under way include the addition of production and warehouse facilities of our Sprayon Products, Inc. subsidiary at Bedford Heights, Ohio, which is expected to be operational in mid-February 1970, and additional warehouse space at Sprayon's Anaheim, California location, which is scheduled for completion in 1969.

Other construction projects now in process are expansion of resin production facilities at Chicago and additional production lines at the Elgin container plant.

Paint, Varnish and Lacquer

This largest segment of our business accounted for 82.4% of consolidated sales for 1969. In general, this segment serves four different market areas: consumer market, professional painter and industrial maintenance market, the industrial product finishes market, and the automotive after-market. Increased sales were achieved in all areas.

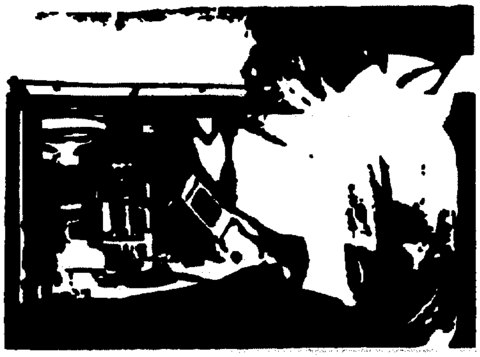
The program for modernizing a number of Company-operated branches was continued during the year. More than twenty were enlarged and converted into complete decorating centers offering, in addition to paints—painting tools, wallpaper, hard floor coverings, carpeting, draperies, decorative accessories, unpainted furniture and related items. These items for paint application, and home and commercial decoration, accounted for 19.4% of consolidated sales.

During the fiscal year, 32 new branches were opened, 7 were acquired in the Netherlands, 38 were closed or consolidated with existing branches; and 119 were relocated. A flexible program such as this is essential in order to recognize and anticipate changes in the marketplace. At the fiscal year's end, there were 1,969 branches in operation.

Effective at the beginning of the 1969 fiscal year, all leased department operations were consolidated into a Corporate Leased Department Division. The number of units was expanded to 323 and the sales gain achieved during the year was very gratifying.

Sales to the professional painting market continue to grow at a very satisfactory rate. A significantly greater portion of sales was made to the larger painting contractor organizations and to industrial maintenance departments of plants. Further progress was made in getting more architectural firms to specify our paints. This is a direct result of our increased promotional effort with architects.

Lights of the Titanium Dioxide Pigment Plant at Ashtabula are reflected in one of the settling ponds that are part of the elaborate environmental pollution control features at this installation.



[illegible]

During the 1969 fiscal year, our sales of industrial finishes continued to grow substantially. The activities of the Industrial Sales Departments of the Acme and Lowe Divisions were merged into the Corporate Industrial Sales Program.

The opening of the new A. W. Steudel Technical Center, which provides development and technical services in the industrial and trade coatings area, was another significant forward step. This new facility has technical service laboratories devoted to standard industrial finishes, customized industrial coatings, resins, finishes for furniture and other forest products, and automotive finishes. It also includes a Customer Applications Laboratory equipped to apply finishes to customers' products by almost every known type of application method. The Center is the central technical service facility in the Company's network of industrial coatings technical service laboratories across the country. The new Center represents an investment of over $4,000,000 in building and equipment. It is presently staffed by 152 chemists, technicians and other skilled personnel.

At the Greensboro, North Carolina plant, where we manufacture furniture finishes, production capacity was increased approximately one-third during the fiscal year. This expansion is designed to meet the increased demands for wood finishes.

Automotive refinishing sales of Sherwin-Williams, Martin-Senour, Acme and Rogers had a significant increase. This was the result of the fine sales effort plus outstanding technical advances in our product lines. Four additional Sherwin-Williams branch service warehouses were opened during the year to serve this important and fast-growing market.

Among the principal new or improved products introduced during the 1969 fiscal year were:

Kem-Namel interior latex emulsion enamel was introduced after exhaustive research and field testing. A line of colors matching those in Super Kem-Tone will be marketed early in the 1970 fiscal year. Latex products continue to increase in popularity among paint users.

Latex House Paint benefited from further research and development that resulted in more uniform film build, improved hiding characteristics and built-in application control to insure proper film thickness.

Kem-Gard fire retardant paint moved from market testing to full-scale production and distribution.

Industrial Latex Metal Finish is a direct-to-metal latex paint that speeds industrial maintenance painting.

Improved Coal Tar Epoxy Coatings were introduced for specialized applications such as power plants, sewage disposal plants and other sanitation uses. These coatings meet all air pollution control requirements of existing local ordinances.

Powerclad Extrusion Enamel for factory coating of aluminum window frames and other architectural components prior to assembly, is a new addition to our Powerclad line for electrodepositing paint on all surfaces —even those of complex shape.

Permaclad 1800. The Industrial Coatings Division has introduced a silicone polyester finish called Permaclad 1800. This finish has outstanding color retention and chalk resistance, and joins the other two Super Finishes —Superclad 1100, vinyl plastisol, and Fluoroclad 1900, fluorocarbon resin-based coating. These finishes offer the commercial and industrial pre-engineered, precoated

The high speed coil cutting line at the Elgin Container Plant effects marked economies in tin plate usage

building market a complete line of finishes. All finishes can be applied by production line roller coating or by conventional spray to fill end use requirements. These range from heavy industrial and chemical manufacturing facilities to warehouse and manufacturing buildings, and large apartment and commercial structures. These three finishes compete with and are replacing such conventional exterior surfaces as anodized aluminum, porcelain enamel and plastic laminates.

Acrylic Enamel Mixing Colors were introduced by our automotive refinishing sales organization. The full line of mixing colors enables the refinisher to match car manufacturers' standard colors through simple intermixes.

Chemicals

A new division, known as "Sherwin-Williams Chemicals, a Division of The Sherwin-Williams Co.", became operational on September 1, 1969. This new division consolidates and unifies all sales, technical and manufacturing activities of the Sherwin-Williams Pigments, Colors & Chemicals Department and the former Maumee Chemical Co. subsidiary.

During the year, production of certain low-profit pigments was discontinued so more research, development and production effort could be devoted to those pigments and colors which would provide for greater growth and profitability. This has necessitated certain conversions in dry color production facilities at Chicago at a cost of about $500,000. These changes, which are expected to result in marked production economies, are now nearing completion.

Output of the alkali blue plant, which went on stream in December 1968, is ahead of schedule and we expect that, during the 1970 fiscal year, it will be at the rate originally scheduled for 1972.

Expanded sales of para-cresol, domestically and abroad, have required a considerable step-up in production. This has been accomplished with little additional investment in our plant. The demand for this useful, building block chemical is expected to continue strong in the years ahead.

As a result of a change in the technology of manufacturing black color TV tubes, we have converted our Ashtabula barium chemicals plant to the manufacture of strontium carbonate and other strontium chemicals.

Sales of pigments, chemicals and colors amounted to 10.3% of total consolidated sales.

Metal Containers

Sales of metal containers continued to grow during the year, and accounted for 4.5% of total sales. Because of the continuing bright prospects in this area, a substantial expansion of production facilities is under way at the Elgin plant. The 80,000 square-foot addition is designed to accommodate three new production lines, two of which are expected to be in operation in the fall of 1970. The third line will be installed at a later date.

In July 1969, the new research and development center for the Container Department was opened at Countryside, Illinois, which permits consolidation of all container research and development activity, as well as production engineering functions in a single structure.

During the 1969 fiscal year, 61.4% of the total shipments were made to outside customers as compared to 59.1% during the fiscal year 1968.

The A. W. Steudel Technical Center at Chicago is dedicated to customer service on a broad range of coatings and methods of application.

Other Operations

The Rubberset Company, Sprayon Products, Inc. and the Deshler Products Division all had sales gains over the previous year. Sales of these companies are included in the overall total of Paint, Varnish & Lacquer sales.

The Osborn Manufacturing Company accounted for 3.4% of consolidated sales. They achieved satisfactory growth over the prior year in both sales and earnings. During the year, Osborn acquired Schmitz & Ludwig, Frankenberg, Germany. Expansion of Schmitz & Ludwig's facilities is under way to increase substantially their production capability and to give them new products developed by Osborn which will permit further penetration of their markets.

International Operations

We continue to focus increased attention on our international business and prospects for improved sales and earnings are encouraging.

Cia. Sherwin-Williams, S. A. de C. V.—Mexico continues to achieve significant gains in both sales and net profits. This consolidated subsidiary opened seven new branches, bringing the total to thirty-one.

In the Netherlands, Verffabrieken Ralston N.V. and Verfchemie Zeist, N. V. are manufacturers and distributors of quality trade paints, with manufacturing facilities at Zeist. We acquired these companies during the year to make our first move to manufacture and retail paint in Europe. The Ralston Company operates seven branch stores and this gives us the opportunity to test in Europe the merchandising methods which have proved so successful in the U. S. A.

Our unconsolidated subsidiary in Brazil, while still profitable, was less so than in the prior year because of adverse economic conditions in that country.

The continued growth of established licensees resulted in increased royalty income from this source. We concluded eight additional licensee agreements—one each in Bolivia, England, France, Italy, Japan, Sweden and two in Chile.

Labor Relations and Manpower Development

At year end we employed 20,242 people. We are improving our personnel planning program designed to insure that the talents of our employees are developed and applied most effectively. This program provides greater opportunity for all employees while permitting prudent control of compensation costs. During the year, over 3,000 supervisors, branch managers, plant foremen and other personnel took part in training programs devoted to the development of their managerial skills. More than 400 employees received financial aid in work-related schooling. Additionally, 250 management people were trained as Benefit Communicators. Their function is to acquaint all employees with the Company's benefit programs on a person-to-person basis.

In cooperation with the Federal Manpower Administration, we trained and placed 160 hard-core unemployed in permanent jobs during the year under the National Alliance of Businessmen (NAB) JOBS Program. Our retention rate was 7% better than the national average. This effort will continue during the current fiscal year.

Again this year our labor relations were quite satisfactory. There was a three-week work stoppage at one of our paint plants arising out of group bargaining. Other paint companies in the same area were similarly affected. However, this did not materially impede operations. Most major union contracts now in effect will continue to and beyond June 1970.

Financial Review

Computers are used extensively to provide immediate and essential information to research, production, sales and financial management

Sales

Consolidated net sales in fiscal 1969 amounted to $495,139,134, compared to $452,528,680 in 1968. This is the highest level of sales ever achieved by the Company and represents an increase of 9.4% over the prior year. Every major division or area of the business contributed to this increase.

Earnings

Consolidated net earnings totalled $18,641,819. After provision for preferred dividends, this is equivalent to $3.29 per common share as compared to $3.36 per common share last year.

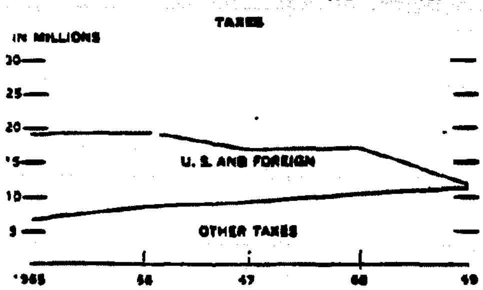
Major factors affecting earnings in 1969 are commented on in the President's Letter to Shareholders on pages 2 and 3 of this report.

Taxes

U. S. and foreign taxes amounted to $11,829,912. The investment tax credit was $2,722,556 compared to $1,038,953 in 1968. Since we reduced the tax provision by the investment tax credit, this substantial increase, together with the foreign tax credit, resulted in a much lower effective tax rate.

The federal surcharge tax amounted to $.21 per common share, the same as last year.

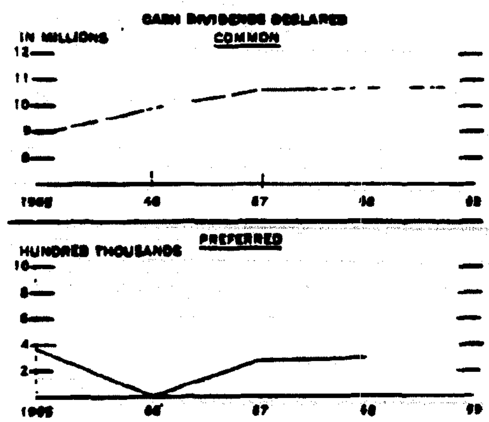
Taxes other than federal have continued to rise significantly in the last five years. In fiscal 1969, these taxes increased to $11,570,293 from $10,384,984 in 1968.



Dividends

A total of $11,696,038 in dividends was declared in fiscal 1969, common dividends amounting to $10,650,863 and preferred dividends amounting to $1,045,175. Common stock cash dividends for fiscal 1969 were at the annual rate of $2.00 per share.

The Company has paid cash dividends in every year since 1886. It has been the policy of the Company for many years to pay dividends on a quarterly basis.



Capital Expenditures

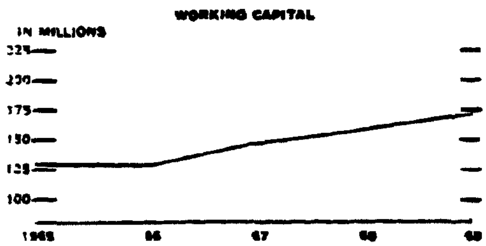
Expenditures during 1969 for property, plant and equipment amounted to $30,721,718 compared with $31,303,399 for 1968.

Depreciation and amortization totalled $9,285,119, up from $7,885,271 in 1968.

Capital expenditures for fiscal 1970 have been budgeted at slightly more than $21,000,000, which includes a carry-over of approximately $9,400,000 from uncompleted projects.

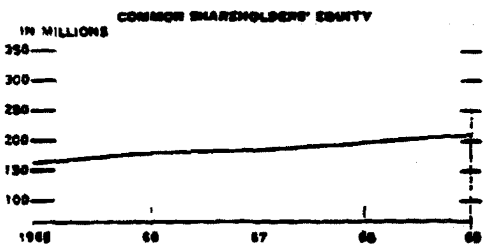
Working Capital

Current assets, less current liabilities at the end of fiscal 1969 were $169,875,484 compared with $162,918,649 at the close of 1968. The current ratio for fiscal year 1969 was 4.78 to 1. The utilization of and net addition to working capital, is shown in the Statement of Consolidated Source and Application of Funds on page 16.



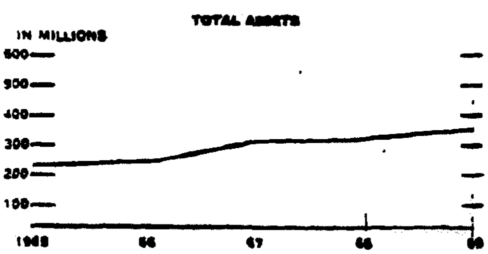
Common Shareholders' Equity

Again in 1969, common shareholders' equity, in both dollars and on a per-share basis, increased. Total common shareholders' equity rose $7,936,364 to $202,582,561, per-share equity rose from $36.64 per share to $38.05.



Total Assets

An increase of $32,942,396 brought total assets of the Company to $357,374,497 in 1969. During the past five years, assets have increased 46.7%.



Current and Long-Term Financing

In addition to existing bank and long-term debt the Company has the capacity to obtain such additional funds as may be needed to finance operations in an orderly way.

Under the terms of a Credit Agreement with a group of banks, there is available to the Company, until December 31, 1970, a revolving credit in the aggregate amount of $25,000,000. On or before December 31, 1970 the Company may replace any outstanding revolving credit notes with term notes payable in six equal semi-annual installments.

The Company also has available, until November 15 1973, a Euro-dollar revolving commitment in the amount of $3,000,000. This was arranged in connection with the recent acquisitions in Europe.

That portion of long-term debt consisting of debentures remains unchanged at $50,000,000. These debentures were issued in 1967 and are due in 1992. Interest payable semi-annually is at an annual rate of 5.45%.

Retirement Plans

Substantially all employees of the Company and its domestic subsidiaries participate in noncontributory pension plans. The Company's pension expense for fiscal 1969 was $4,740,312, representing normal cost and amortization of unfunded prior service cost over thirty years. Contributions to the funds in fiscal 1969 were $3,699,458.

Employee's Stock Purchase Plan

During the year, the Company launched an employee stock purchase and savings plan for salaried personnel. This plan enables employees to purchase the Company's common stock through regular payroll deductions. If desired, a portion of savings can be invested in a government securities fund.

At present, the Company contributes an amount equal to 25% of each member's contribution.

More than 7,300 employees, approximately 73% of all those eligible, elected to participate in the plan. Of the total enrollment, 93% chose the option of having 100% of their savings invested in Company stock.

Stock for the plan is purchased by the Trustee on the open market.

0007-SWP-035005

0007-SWP-000116425

Statement of Consolidated Income

	Year Ended August 31	
	1969	1968
Net sales	$495,139,134	$452,525,[illegible]
Other income—net	1,318,643	1,650,[illegible]
	496,457,777	454,176,666
Costs and expenses (including depreciation computed principally on the straight-line method of $9,285,119 in 1969 and $7,885,271 in 1968):		
Cost of products sold	310,852,298	278,692,052
Selling, general and administrative expenses	144,629,247	132,161,993
Pensions—Note E	4,740,312	3,699,458
Interest	5,764,189	3,352,065
	465,986,046	417,905,568
Income Before Income Taxes	30,471,731	36,271,098
Income taxes:		
United States—Note B:		
Payable currently	9,825,000	14,800,000
Deferred	805,775	1,420,000
Foreign	1,198,137	1,061,235
	11,828,912	17,281,235
Net Income	$ 18,641,819	$ 18,989,863
Net income per common share—based on average number of shares outstanding during the year	$ 3.29	$ 3.36

See notes to consolidated financial statements.

0007-SWP-035006

0007-SWP-000116426

Consolidated Balance Sheet

	August 31	
Assets	1969	1968
Current Assets		
Cash	$ 11 400.515	$ 12.827 [illegible]
Short-term investments—at cost	—0—	[illegible]6 360
Trade accounts receivable, less allowances ($1 292.000 in 1969; $1 234 000 in 1968)	58.755 891	51 476 83[illegible]
Inventories—at lower of cost (average or first-in, first-out method) or market:		
Finished merchandise	95.328,436	90.567 185
Work in process, raw materials and supplies	40 666 084	41 847 831
	135.994,520	132.415.016
Prepaid expenses	5.958.478	4 085.585
Recoverable federal income taxes	2.188.749	—0—
Deferred federal income taxes—Note B	2.209.185	2.364.387
Total Current Assets	214 504.338	204 386 035
Investments and Other Assets		
Common shares of The Sherwin-Williams Company of Canada, Limited—at cost—Note A	4,182,766	4,162.766
Receivables, advances and miscellaneous other assets	3.899.921	3.215.941
	8.082.687	7 398.707
Property, Plant and Equipment—on the basis of cost		
Land	5.141.678	4 860 [illegible]
Buildings	62.062.159	50.827 651
Machinery and equipment	150.350.084	131 235.513
	217,553,922	186.923.309
Less allowances for depreciation	82.766.450	74 275 950
	134,787,472	112.647 359
	$357.374 497	$324 432.101

Liabilities and Shareholders' Equity

	August 31 1969	August 31 1968
Current Liabilities		
Notes payable	$ 2,817,030	$ —0—
Trade accounts payable	13,582,390	15 [illegible]
Payrolls, compensation and other accruals	25,046,549	18 735 074
Dividends payable on preferred stock	277 324	74 600
Taxes, other than income taxes	3,105,561	2,576,098
Income taxes	—0—	4 414 766
Total Current Liabilities	44,828,854	41,467,386
Long-Term Debt		
5 45% Debentures due in 1992 with annual payments of $2,000,000 commencing in 1973	50,000,000	50 000 000
Revolving credit notes payable—Note C	25 000 000	3 000,000
	75,000 000	53,000 000
Deferred Federal Income Taxes—Note B	6 403,758	5,753 186
Reserves	2,674,934	3,261,742
Shareholders' Equity		
Capital stock—Notes D and G:		
Serial preferred—without par value	9,195,438	9,344 360
Common—$6.25 par value	33,342,156	33,210 756
Other capital	1,247,841	600,173
Retained earnings	184,779 312	177 833 531
	228,564,747	220 988,820
Less cost of common shares in treasury	97,796	39 033
	228,466 [illegible]	220,949 787
	$357,374,497	$324 432 101

See notes to consolidated financial statements

0007-SWP-035008

0007-SWP-000116428

Statement of Consolidated Shareholders Equity

	Serial Preferred Stock	
	Shares	Value
BALANCE AT SEPTEMBER 1, 1967	263 264	$9 377 960
Series B preferred stock issued upon exercise of stock options	120	[illegible]
Common Stock issued:		
Conversion of Series A preferred stock	(348)	34 800
Exercise of stock options	—	—
Net income	—	—
Cash dividends declared:		
Series A preferred stock—$4.00 per share	—	—
Common—$2.00 per share	—	—
Pooled company prior to merger	—	—
Purchase of common shares for treasury	—	—
BALANCE AT AUGUST 31, 1968	263,036	9 344 360
Series B preferred stock:		
Shares issued upon exercise of stock options	375	13,322
Cash in lieu of fractional shares	(145)	(5,15[illegible]
Common Stock issued:		
Conversion of Series A preferred stock	(551)	(19,57[illegible]
Conversion of Series B preferred stock	(3,871)	(137 518
Exercise of stock options	—	—
Net income	—	—
Cash dividends declared:		
Series A preferred stock—$4.00 per share	—	—
Series B preferred stock—at an annual rate of $4.40 per share	—	—
Common—$2.00 per share	—	—
Purchase of common shares for treasury	—	—
BALANCE AT AUGUST 31, 1969	258,844	$9 195 [illegible]

See notes to consolidated financial statements.

0007-SWP-035009

	Common Stock		Other	Retained	Common Stock in Treasury		
	Shares	Value	Capital	Earnings	Shares	Value	Total
0	5,303,752	$33,148,450	$227,212	$170,513,115	-0-	$ -0-	$213,266,737
)	—	—	3,645	—	—	—	4,845
:)	580	3,625	31,175	—	—	—	-0-
	9,389	58,681	338,141	—	—	—	396,822
	—	—	—	18,989,863	—	—	18,989,863
	—	—	—	(299,444)	—	—	(299,444)
	—	—	—	(10,616,510)	—	—	(10,616,510)
	—	—	—	(753,493)	—	—	(753,493)
	—	—	—	—	(800)	(39,033)	(39,033)
)	5,313,721	33,210,756	600,173	177,833,531	(800)	(39,033)	220,949,787
2	—	—	14,241	—	—	—	27,563
1)	—	—	(9,439)	—	—	—	(14,590)
	918	5,738	13,837	—	—	—	-0-
	6,192	38,700	98,818	—	—	—	-0-
	13,914	86,962	530,211	—	—	—	617,173
	—	—	—	18,641,819	—	—	18,641,818
	—	—	—	(297,247)	—	—	(297,247)
	—	—	—	(747,928)	—	—	(747,928)
	—	—	—	(10,650,863)	—	—	(10,650,863)
	—	—	—	—	(1,100)	(58,763)	(58,763)
3	5,334,745	$33,342,156	$1,247,841	$184,779,312	(1,900)	($97,796)	$228,466,951

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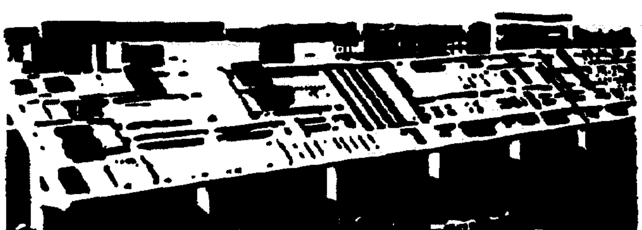
Statement of Consolidated Source and Application of Funds

THE SHERWIN-WILLIAMS COMPANY
And Consolidated Subsidiaries

	Year Ended August 31	
	1969	1968
Source of Funds		
From operations		
Net income	$ 18,641,819	$ 18 989,863
Provision for depreciation	9,265,119	7 885 271
Increase in noncurrent deferred federal income taxes	650,572	1 420,000
	28,557,510	28,295 134
Increase in revolving credit notes	22,000,000	3 000 000
Proceeds from sale of stock issued under stock option plan	644,738	401 667
	$ 51,202,248	$ 31 696 801
Application of Funds		
Cash dividends declared	$ 11,696,038	$ 11 669 447
Additions to property, plant and equipment, net of retirements	30,025,394	30 542 371
Less utilization of short-term investments allocated to plant and equipment in the prior year	—0—	25,000,000
	30,025,394	5,542,371
Noncurrent assets acquired through acquisitions	2 041,808	—0—
Addition to working capital	6,756,835	13,893,440
Other—net	682,173	591,543
	$ 51,202,248	$ 31,696,801

See notes to consolidated financial statements.



More than 50,000 finished panels are [illegible] to the elements for varying periods at the large [illegible] near Valparaiso, Indiana. This is one of [illegible]

Notes to Consolidated Financial Statements

August 31, 1969

NOTE A—PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all significant subsidiaries except The Sherwin-Williams Company of Canada, Limited (majority owned). The Company's equity in the consolidated net assets of that subsidiary amounted to $7,451 328 at August 31, 1969, which includes undistributed earnings since acquisition of $4 965 206. For the year ended August 31 1969 the Company's equity in the undistributed earnings was $43 049. Dividends received during the year, included in other income, were $154,930.

Intercompany transactions have been eliminated. Appropriate rates of exchange have been used to translate foreign currency amounts into United States dollars, and the effect was not significant.

NOTE B—INCOME TAXES

In accordance with a recent opinion of the Accounting Principles Board of the American Institute of Certified Public Accountants on tax allocation, the Company has recognized the deferred income tax liabilities and benefits resulting from timing differences between financial and tax accounting. Certain of these timing differences had previously been reported on a net-of-tax basis and in 1968, without affecting net income, the Company recognized the deferred tax benefits ($3,654,301) attributable to these differences. The 1968 financial statements have been restated to reflect this change and certain other reclassifications.

The income tax provision has been reduced by investment tax credits of approximately $2,722,000 in 1969 and $1 039,000 in 1968 using the flow-through method.

NOTE C—REVOLVING CREDIT

Under the terms of a Credit Agreement a group of banks have made available to the Company until December 31, 1970, a revolving credit aggregating $25 000 000. On or before December 31, 1970 the Company may replace any outstanding revolving credit notes with term notes payable [illegible] equal semiannual installments. The Credit Agreement requires the Company to maintain consolidated net current assets of not less than $100,000 000.

NOTE D—CAPITAL STOCK

The following table sets forth the authorized and issued shares of the various classes of stock at August 31 1969

	SHARES	
	Authorized	Issued
Serial Preferred Stock.	1 500 000	
$4 00 Cumulative Convertible Preferred Stock, Series A		74 049
$4 40 Cumulative Convertible Preferred Stock, Series B		184 795
Common Stock	15 000 000	5,334 745

The shares of Series A and Series B preferred stock are convertible at base conversion prices of $60 00 and $62 50 per share of Common Stock, respectively, taking each share of preferred stock at $100 for this purpose. The holders of the preferred stock are entitled to one vote for each share.

The Company may redeem the Series A preferred stock commencing in 1972 at $104 per share and at a declining amount each year to $100 per share in 1980 and thereafter and the Series B preferred stock at $112 until December 1969 and at declining amounts to $100 in 1981 and thereafter. The aggregate preference of the Serial Preferred Stock in involuntary liquidation is $25,884,400.

At August 31, 1969, an aggregate of 586,220 shares of Common Stock were reserved for conversion of Serial Preferred Stock and exercise of stock options

The gas chromatograph is a major analysis instrument. It has proved so useful that it is being installed in many of our factory laboratories.

NOTE E—RETIREMENT PLANS

Substantially all employees of the Company and its domestic subsidiaries who meet certain requirements as to age and length of service, participate in noncontributory pension plans. The Company's policy is to accrue contributions for its pension funds representing normal cost and amortization of unfunded prior service costs over 30 years. At the most recent actuarial determination dates, the assets of the pension funds and the balance sheet accrual exceeded the actuarially computed value of vested benefits.

NOTE F—LEASES

Branches, offices, and certain warehouses and plants are leased for various periods. The rental expense of leased premises for the year ended August 31, 1969, aggregated approximately $14,600,000. Approximately 68% of these rentals relate to leases expiring in five years or less.

NOTE G—STOCK OPTIONS

At August 31, 1969, there were 137,507 common shares reserved for issuance to officers and key employees under a stock option plan. Options are granted at prices not less than the fair market value of the shares at date of grant. The options are exercisable to the extent of one-half or one-fifth of the optioned shares for each full year of employment following the date of grant, and expire five or ten years after date of grant.

In addition, options for 625 shares of the $4.40 Cumulative Convertible Preferred Stock, Series B were exercisable and outstanding at $73.50 per share. During 1969 options for 375 shares were exercised. These options expire in 1970.

A summary of the option transactions for common shares during the year follows:

	Shares	OPTION PRICES Per Share	OPTION PRICES Total	Market Prices
At beginning of year.				
Options outstanding	134,701	$40.25 to $49.50	$6,206,536	
Reserved for future options	16,720			
Changes during the year:				
Options granted	19,450	49.625 or 50.50	966,738	$ 966,738
Options becoming exercisable	23,350	45.625	1,065,344	1,343,538
Options exercised	13,914	40.25 to 49.50	617,173	769,574
Options canceled	3,328	40.25 to 49.50	158,260	
At end of year:				
Options outstanding	136,912	40.25 to 50.50	6,402,841	
Options exercisable	96,567	40.25 to 49.50	4,574,931	
Reserved for future options	595			

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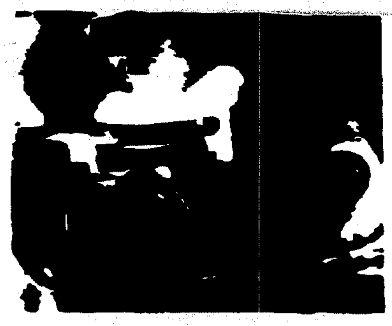
Magnifying up to twenty times on a dimensionally calibrated screen, the optical comparator reveals minute details of metal container design and construction.



Accountants' Report

Board of Directors
The Sherwin-Williams Company
Cleveland, Ohio

We have examined the consolidated financial statements of The Sherwin-Williams Company and consolidated subsidiaries for the year ended August 31, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statements for the preceding year.

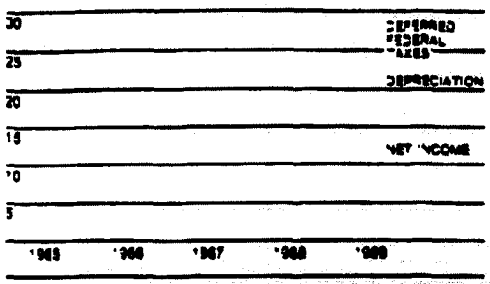
In our opinion, the accompanying balance sheet and statements of income, shareholders' equity, and source and application of funds present fairly the consolidated financial position of The Sherwin-Williams Company and consolidated subsidiaries at August 31, 1969, and the consolidated results of their operations, changes in shareholders' equity, and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

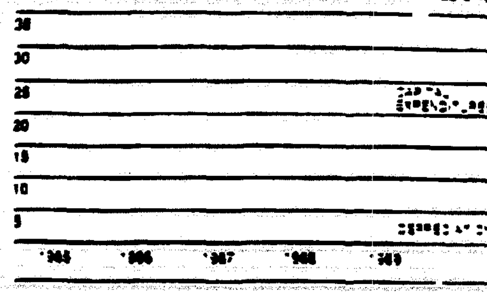
Cleveland, Ohio
October 15, 1969

0007-SWP-035014

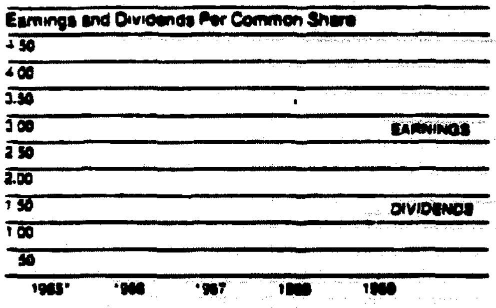
Cash Flow IN MILLIONS



Capital Expenditures and Depreciation IN MILLIONS

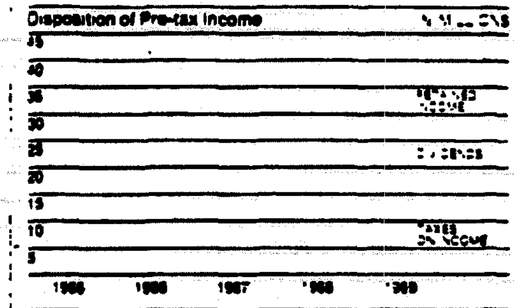


Earnings and Dividends Per Common Share

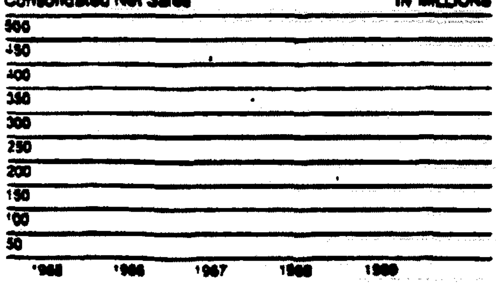


*Earnings and Dividends per Common Share adjusted for the 2-for-1 split effective December 9, 1964

Disposition of Pre-tax Income IN MILLIONS

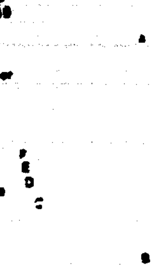


Consolidated Net Sales IN MILLIONS



Distribution of Total Revenue
YEAR ENDED AUGUST 31, 1969

- A. 57.97% Materials, service and other costs of doing business
- B. 32.91% Wages, salaries and employee benefits
- C. 3.51% Taxes (other than payroll taxes)
- D. 2.38% Dividends to shareholders
- E. 1.40% Retained in business
- F. 1.86% Depreciation



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Five-Year Comparison

THE SHERWIN-WILLIAMS COMPANY
And Consolidated Subsidiaries

	Year Ended August 31				
	1969	1968	1967	1966	1965
Net sales	$495 139,134	$452,528,660	$417 409 220	$403 930 885	$372 011 588
Income before income taxes	30,471 731	36,271 098	36 526 914	41 813,332	40 375 649
Income taxes—United States and foreign	11,829,912	17,281,235	17,161 621	19,249,085	19 126 519
Net income	18,641,819	18,989,863	19,365,293	22,564,248	21 249,130
Earnings per share of Common Stock	3.29	3.36	3.44	4 06	3 74
Cash flow per share of Common Stock	5.18	5.11	4 88	5 29	4 88
Earnings as percent of sales	3.76%	4 20%	4 64%	5 59%	5 71%
Return on invested capital—Common Stock (2)	9 01%	9 55%	10.19%	12.91%	12 52%
Cash dividends declared:					
Preferred	$ 1,048,175	$ 299,444	$ 278,087	$ —0—	$ 379 129
Common	10,850,883	10,816,510	10,585,987	9 880 431	8,754 195
Cash dividends per share of Common Stock	2.00	2.00	2.00	1 90	1 70(1)
Number of shareholders:					
Preferred	1,078	1,280	93	96	251
Common	8,279(3)	8,292	8,094	7,583	7,435
Preferred and common shareholders' equity	$228,486,981	$220,948,787	$213,266,737	$206,215,088	$200,383,863
Common shareholders' equity	202,882,881	194,848,187	188,940,337	178,812,888	166 008 808
Par share	36.05	36.64	36.25	33.87	31 49
Capital expenditures	30,721,718	31,303,389	28,988,256	12,468,861	7 668,789
Provisions for depreciation	9,288,118	7,888,271	8,578,007	5,816,718	5,085,231
Working capital (current assets less current liabilities)	168,878,484	162,918,849	144,221,814	139,987,314	131 392,881
Ratio of current assets to current liabilities	4.78 to 1	4.93 to 1	4.77 to 1	4.55 to 1	4 70 to 1
Total assets	$367,374,487	$324,432,101	$306,873,794	$248,074,434	$240,383,851
Number of employees	20,242	19,403	18,833	18,257	17 160

Above reflects acquisitions recorded as poolings of interests.

(1) Adjusted for 2 for 1 stock split effective December 8, 1964.

(2) Based on common shareholders' equity at beginning of year.

(3) In addition to the 8,279 registered shareholders, there were approximately 7,220 beneficial shareholders' participating in the Company's stock purchase and savings plan for salaried employees.

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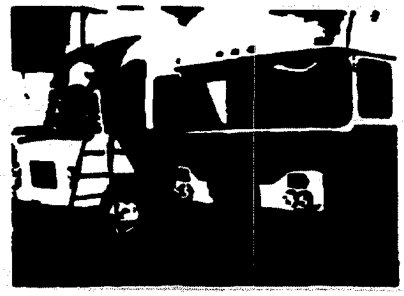
Initiating and Managing Change



Library "bookmobiles" are among the many specialized vehicles protected by our durable automotive finishes.

The Sherwin-Williams Company is committed to the proposition that the spirit of inquiry, examination and innovation must permeate all areas of our business. Accordingly, we are applying the scientific, investigative approach to products, processes, marketing and distribution, management information services, and personnel development.

In these, as well as other areas, the interaction between research and application is invariably continuous.

An Example in Products

In the Nineteen Fifties, we were marketing successfully two product lines of refinishing materials for motor vehicles—one a lacquer type and the other an enamel formulation. Each had distinct properties and each its own distinct advantages. So the question was posed to the research staff—is it technologically and economically feasible to combine the desirable properties of each into a single product? If so, the benefits to customers would be twofold: they would enjoy all the speed of a lacquer system and characteristics of an enamel finish, and inventory requirements would be materially reduced. Such a product would also benefit the Company by minimizing manufacturing changeovers and stockkeeping duplications.

Research was undertaken in the area of acrylic resins since these seemed to offer a promising approach to the problem. As the studies progressed, attention was also devoted to the pigments and other ingredients required in the sought-for formulation. After considerable effort and time, a pilot batch of a totally new type of automotive finish was ready for field testing. This was an acrylic enamel which is distinctly different from the acrylic lacquers available for some years.

The development staff took the material into the field, concentrating their application testing primarily in the refinishing shops of large truck fleets. After a period of formula refinements and adjustments, the product was enthusiastically endorsed by a gratifying number of the nation's major truck fleet operators.

At first, "Acrylyd" was produced only in standard fleet colors. It soon became evident that a line of colors that could be conveniently intermixed to provide custom colors was necessary to meet demand. Again the research staff took on the problem and solved it with a line of fifteen "Acrylyd" Mixing Colors by means of which literally hundreds of custom colors became available.

The scope of products and services available to decoration-minded customers is shown in this "fisheye" long view of a recently enlarged branch.

Then the search turned to the application of "Acrylyd" to passenger cars. Here the color matching problem was made even more complex by the wide array of colors used in the industry. The researchers met the challenge and the development team provided the technical service that made "Acrylyd" a preferred material in auto refinishing shops everywhere.

Shortly thereafter research personnel passed another significant milestone in "Acrylyd" performance. They were able to adapt the highly successful basic acrylic resin (on which a patent has been granted) for use in the popular metallic automobile finishes.

During the past year that achievement has come to full fruition in a line of acrylic enamel mixing colors that permits simple intermix matching of major car manufacturers' standard colors dating back to 1955 models and forward to the 1970 models. In addition, an almost unlimited range of custom metallic colors can be as readily made.

Out of the search that led to "Acrylyd" came another product—"Kemacrylic-R", which has found wide acceptance as an equipment finish among urban transit systems, and railroads and airlines.

We tell this success story of "Acrylyd" in detail merely to illustrate our continuing research and development effort. Similar projects and programs are conceived and followed through constantly. These extend into all Sherwin-Williams product areas—such as interior and exterior house paints, industrial finishes, containers, pigments, colors, chemicals, aerosol packaging, paint application tools and power driven industrial brushes.

An Example in Processes

The scientific, investigative approach also applies to process research and development.

For more than thirty years, phthalic anhydride has been used extensively as a basic raw material for resins used in paint. More recently, research and development by scientists in our Chemicals Division has resulted in a uniquely simple and patented process for the manufacture of a highly functional chemical called isatoic anhydride, derived from phthalic anhydride. This is used in large volume as a versatile intermediate for the manufacture of a number of chemicals.

Now a newly completed "fourth generation" continuous process at our Cincinnati plant produces isatoic anhydride in high purity directly from molten phthalic anhydride.

0007-SWP-035018

Attractive surroundings—[illegible] selection of paints and other decorating materials—a pleasant experience for customers visiting our branches.

The entire operation, from raw materials to finished bagged product, is carried out in a fully automated, high-capacity unit requiring very few operators per shift.

Isatoic anhydride is used captively in the synthesis of two important products of the Chemicals Division—saccharin and methyl anthranilate. In addition, it is marketed world-wide for use in the manufacture of agricultural chemicals, flavor and perfume ingredients and a variety of other industrial and pharmaceutical end products.

As a result of our market development efforts, hundreds of customers' laboratories are engaged in research projects involving isatoic anhydride and such investigations lead annually to the appearance of dozens of publications and patents. Commercialization of these inventions is expected to increase greatly the demand for isatoic anhydride in future years.

This development of isatoic anhydride illustrates the value of the investigative approach in chemical processing.

Although, of necessity, process research and development at Sherwin-Williams is directed chiefly to our own production needs, it is not limited to them. We constantly contribute field technical service in the interest of improving the processes which our customers employ in using our products.

To illustrate—we have developed a monitoring instrument for the electrodeposition of paint (a process similar to electroplating of metals). The monitor gives users of the electrodeposition process more precise control over the process itself.

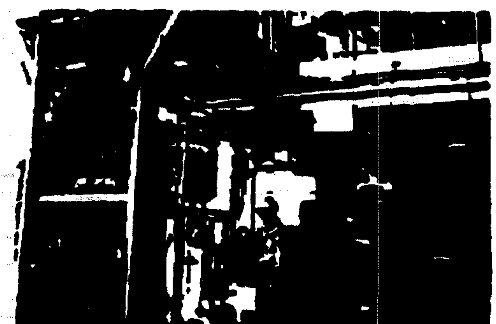
Similarly, we have investigated and can recommend to our agricultural chemical customers, processes by which certain of the chemicals which we manufacture can be most effectively introduced into liquid fertilizers.

Examples in Marketing and Distribution

Profitable marketing of our many and diverse products also requires research and development. Changes in customer needs and buying habits occur continuously and are coming at an ever faster pace. The aim of our research effort is to anticipate the direction of such changes. Our development effort seeks to make our marketing methods immediately responsive to them.

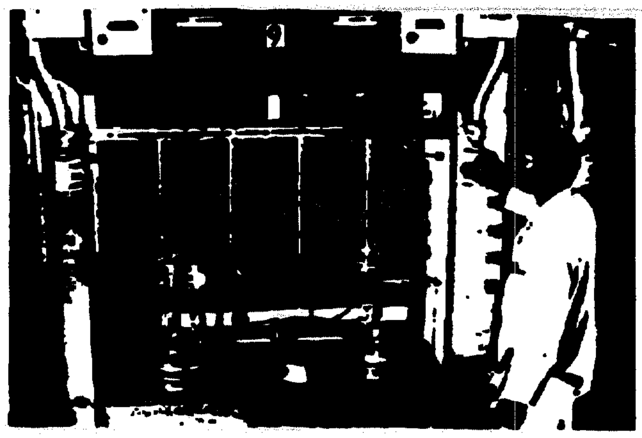
How this is carried out is most apparent in the operation of our large network of Company-operated branches serving consumers, painting contractors, dealers, and large commercial and industrial paint users. The opening, relocation and expansion of services in these branches are the result of continuing market studies. These signal not only where changes should be made, but also what specific actions should be taken. One particularly sensitive and constructive instrument of market research in the area of consumer paint sales is our Corporate Marketing Advisory Council. This is a selected group of sales representatives and branch managers from all parts of the country, who regularly report on consumer preferences and competitive challenges in their areas of operation. The Council is a fertile source of suggestions for new products and changes in existing products, as well as market developments and merchandising trends.

In the more specialized segments of our business, market analysis is a continuing function of sales management. Staff-developed computer techniques aid in this effort, providing pin-point information on industries in which customers and potential customers are engaged. This permits rapid evaluation of changing industry trends and their relationship to the specific product needs of customers and potential customers.



A section of the continuous isatoic anhydride facility operated by the Sherwin-Williams Chemicals Division at Cincinnati, Ohio.

Development of resins used in paint begins in the laboratory. Here carefully controlled reaction of chemicals produces laboratory samples.



Advertising programs and techniques are also subject to continuing research. This is reflected in the shift in emphasis in some of our industrial advertising and the changes in media now being tested in certain consumer markets.

Examples in Management Information Services

Accurate, up-to-the-minute information on every aspect of operations is essential for management to function effectively. This information ranges over a broad spectrum, including production scheduling, cost control, equipment utilization, cost systems, inventory management, return on investment studies, internal profit projections and the analysis and forecasting of financial needs. This list does not exhaust the areas in which information is needed. It is offered only as an indication of the scope of the effort.

Five years ago, in anticipation of the growing complexity of informational needs, we upgraded to the most modern and sophisticated type of computers and attendant communications systems. This installation has been expanded considerably and now extends to nineteen locations within the Company.

This resulted from research into the nature of the information most useful in the conduct of the business and on the form such information should take. Examples of what has come out of this search are many. Our Factory Inventory Management Program, for example, has enabled us to reduce inventories markedly at some locations; the Branch Inventory Management Program has resulted in more balanced stocks in the branches so that we are able to give our branch customer improved service.

Additionally, research and development programs in the area of information have brought noticeable gains in production levelling, more efficient use of equipment, improved production scheduling and more accurate measurement of return on investment applications.

Our research into ways to gather information more quickly and accurately and in more useful form is ongoing. We expect this effort to continue to improve the quality of information on which management decisions are based.

Examples in Personnel

People make our Company. They make it go. They make it grow. Hence, many of the most basic concerns of the business center around employees: how to attract and motivate them; how to help them develop their capabilities so they can take on the increased responsibilities which Company growth generates.

Because these are questions for which the answers are ever-changing, we are applying continuing research effort to them. That effort ranges from in-depth study of recruiting programs, to continuing reappraisal of personnel policies and practices, to regular reevaluation of training, organizational and compensation approaches. This multifaceted approach has brought about advancement in all of these areas.

Typically, new in-service seminars have been developed to upgrade the skills of supervisors and managers at all levels. Other in-service programs have been initiated and strengthened in such divergent areas as finance and product information. The highly successful Tuition Aid Program continues to provide interested employees the opportunity to sharpen their skills and broaden their horizons through further academic study.

Recently we completed an "Employee Opinion Analysis Survey" designed to provide further insight into aspirations of employees engaged in the marketing segment of our business. The answers have suggested a number of ways to give employees a greater sense of identification with corporate goals. The same spirit of inquiry is leading to the development of a corporate-wide "Inventory of Employee Skills." Through this we expect to be kept more fully aware of employee capabilities so we may continue our long established practice of promoting from within the Company whenever this is feasible.

* * * * *

We are confident that our commitment to innovation will benefit every phase of our business and foster the growth to which the organization is dedicated.

* * * * *

[redacted] [redacted]

THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED AND SUBSIDIARIES
Expressed in Canadian Dollars

CANADIAN

Consolidated Balance Sheet

		August 31 1969	August 31 1968
Assets	*Current Assets*		
	Cash	$ 56,875	$ 57,175
	Trade accounts receivable less allowances for doubtful accounts of $153,000 in 1969 and $153,300 in 1968	8,546,150	7,945,313
	Other accounts receivable	248,853	339,069
	Inventories—principally at the lower of cost (average or first-in, first-out method) or market:		
	Finished merchandise	8,458,240	9,192,083
	Work in process, raw materials and supplies	2,818,007	2,855,656
		11,277,247	12,047,739
	Prepaid expenses	528,852	516,644
	Recoverable income taxes	272,544	—0—
	Total Current Assets	20,931,221	20,905,960
	Investments and Other Assets		
	Common shares of The Carter White Lead Company of Canada Limited (50% owned)—at cost	200,000	200,000
	Miscellaneous receivables and advances	45,414	68,628
		245,414	268,628
	Property, Plant and Equipment—on the basis of cost:		
	Land	607,442	607,442
	Buildings	5,614,776	5,613,431
	Machinery and equipment	8,100,873	7,772,669
	Less allowances for depreciation	9,685,746	9,318,596
		4,637,345	4,674,944
		$25,813,980	$25,849,232
Liabilities, Capital Stock, and Surplus	*Current Liabilities*		
	Owing to bank	$ 4,028,707	$ 2,898,038
	Trade accounts payable	3,346,983	4,429,376
	Payrolls, compensation and other accruals	796,796	864,888
	Taxes, other than income taxes	447,829	302,911
	Income taxes	—0—	612,473
	Advance received on account of the sale of a division of the Company—Note	500,000	—0—
	Total Current Liabilities	9,120,286	9,097,686
	Unfunded Pension Costs Reduced to a Net of Tax Basis	1,729,283	1,856,962
	Deferred Income Taxes	591,000	633,000
	Capital Stock and Surplus		
	Capital stock:		
	Preferred shares, 7% cumulative, par value $100 per share:		
	Authorized —40,000 shares		
	Outstanding—34,800 shares	3,480,000	3,480,000
	Common shares, no par value:		
	Authorized —225,000 shares		
	Outstanding—224,720 shares	224,720	224,720
	Earned surplus	10,668,692	10,576,874
		14,373,412	14,281,594
		$25,813,980	$25,849,232

Note—Effective September 1, 1969, the Company sold the business and assets of its Green Cross Division for a consideration approximately $1,700,000 in excess of the carrying value of the tangible assets sold. No effect of this transaction has been reflected in the financial statements at August 31, 1969.

SUBSIDIARY

Statements of Consolidated Income and Earned Surplus

		Year Ended August 31	
		1969	1968
Income	Net sales	$42,830,420	$41,071,212
	Dividends received	60,000	50,000
		42,890,420	41,121,212
	Deductions from income:		
	Cost of products sold	27,080,236	25,983,259
	Selling, general and administrative expenses	13,[illegible],115	12,516,248
	Company and government pension cost	820,574	566,070
	Interest expense	422,398	365,459
	Directors' remuneration	115,358	88,933
		41,766,682	39,520,969
	Income Before Income Taxes	923,738	1,600,243
	Income taxes for the year	420,000	818,000
	Less over-provided in prior years	75,000	—0—
		345,000	818,000
	Net Income	$ 578,738	$ 782,243
	Provisions for depreciation included above amount to	$ 449,313	$ 460,202
Earned Surplus	Balance at beginning of year	$10,576,874	$10,261,551
	Net income for the year	578,738	782,243
		11,155,612	11,043,794
	Cash dividends declared:		
	Preferred $7.00 per share	242,200	242,200
	Common $1.00 per share	224,720	224,720
		466,920	466,920
	Balance at end of year	$10,688,692	$10,576,874

Accountants' Report

To the Shareholders,
The Sherwin-Williams Company of Canada, Limited

We have examined the consolidated balance sheet of The Sherwin-Williams Company of Canada, Limited and its subsidiaries as of August 31, 1969, and the related statements of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the consolidated financial position of The Sherwin-Williams Company of Canada, Limited and its subsidiaries at August 31, 1969, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec
October 9, 1969.

Ernst & Ernst
Chartered Accountants

0007-SWP-035022

0007-SWP-000116442

Divisions, Subsidiaries and Licensees

Divisions

Acme Quality Paints
W. W. Lawrence & Company
John Lucas & Company
Dechler Products
The Lowe Brothers Company
The Martin-Senour Company
Rogers Paint Products

Consolidated Subsidiaries

Domestic:

Maumee Chemical Company
Rubberset Company
The Osborn Manufacturing Company
Sprayon Products, Inc.

Foreign:

Compania Sherwin-Williams, S. A. de C. V.
Mexico City, D. F., Mexico

Rubberset Company (Canada), Limited
Gravenhurst, Ontario, Canada

Verffabrieken Ralston N. V.
Utrecht, Netherlands

The Sherwin-Williams Co. of Puerto Rico, Inc.
San Juan, Puerto Rico

The Sherwin-Williams Co. (West Indies), Ltd.
Kingston, Jamaica

Sherwin-Williams (Europe) Societe Anonyme
Antwerp, Belgium

Schmitz & Ludwig und Comp.,
Fabrik Technischer Bürsten GmbH,
Frankenberg, Germany

Verfchemie Zeist N. V.
Zeist, Netherlands

Unconsolidated Subsidiaries

Sherwin-Williams do Brasil S/A Tintas e Vernizes	Sao Paulo, Brazil
The Sherwin-Williams Company of Canada, Limited	Montreal, Canada
The Canada Paint Company, Limited	Montreal, Canada
The E. Harris Company, Limited	Toronto, Canada
The Lowe Brothers Company, Limited	Toronto, Canada
The Martin-Senour Company, Limited	Montreal, Canada
The Winnipeg Paint & Glass Company, Limited	Winnipeg, Canada
The Carter White Lead Company of Canada, Limited (50% owned—unconsolidated)	Montreal, Canada

Licensees

*Aktiebolaget Syd-fernisa (Sweden)
*Astral Ste' De Peintures, Vernes et Encres, D'Imprimerie (France)
*Donald Macpherson Group, Ltd. (England)
Fabrica Nacional De Pinturas "Espintbol," S. A. (Bolivia)
*Montecatini Edison, S. p. A. (Italy)
*Nippon Paint Company, Ltd. (Japan)
Pinturas Andina, S. A. (Chile)
Pinturas Ever, Ltda. (Chile)
Sherwin-Williams Argentina, Industrial y Commercial, S. A.
Sherwin-Williams de Colombia, S. A.
Sherwin-Williams del Ecuador, S. A.
Sherwin-Williams Peruana, S. A.
Sherwin-Williams, Philippines, Inc.
Sherwin-Williams de Centro America, S. A.
Sherwin-Williams Espanola, S. A.
Sherwin-Williams Venezolana, C. A.
*Coil Coatings

0007-SWP-035023

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Principal Products

Paints · Enamels · Varnishes · Lacquers · Stains · Aerosol Specialties

Zinc Pigments · Lithopone · Linseed Oil · Metal Containers

Industrial Power-Driven Brushes · Barium Chemicals · Colored Pigments

Coal Tar and Petroleum Intermediates · Strontium Chemicals

Foundry Machinery and Equipment · Pesticides · Organic Chemicals

Titanium Dioxide Pigments · Textile Printing and Dyeing Colors

Paint Brushes · Rollers and Other Painting Accessories

Domestic Plants

Anaheim, California
Ashtabula, Ohio (two)
Bedford Heights, Ohio
Bound Brook, New Jersey
Chicago, Illinois (four)
Cincinnati, Ohio
Cleveland, Ohio (three)
Coffeyville, Kansas
Crisfield, Maryland
Dayton, Ohio
Deshler, Ohio
Detroit, Michigan
Elgin, Illinois
Garland, Texas
Gibbsboro, New Jersey
Greensboro, North Carolina
Henderson, Kentucky
Hubbard, Ohio
Los Angeles, California
Morrow, Georgia
Newark, New Jersey
New York, New York
Oakland, California
Pittsburgh, Pennsylvania
San Leandro, California

Foreign Plants

Bayamon, Puerto Rico
Frankenberg, Germany
Gravenhurst, Canada
Mexico City, Mexico
Montreal, Canada (two)
Sao Paulo, Brazil
Toronto, Canada
Vancouver, Canada
Winnipeg, Canada
Zeist, Netherlands

Printing Division

North Olmsted, Ohio

Research Center

Chicago, Illinois

The A.W. Steudel Technical Center

Chicago, Illinois

THE SHERWIN-WILLIAMS COMPANY

Founded in 1866

EXECUTIVE OFFICES

101 Prospect Avenue, N. W., Cleveland, Ohio 44115

Directors

E. Colin Baldwin
President and Chief Executive Officer

John N. Bauman
Chairman and Chief Executive Officer
White Motor Corporation

Keith S. Benson
Executive Vice President
Diamond Shamrock Corporation
President
Pickands Mather & Co.

Willis B. Boyer
President
Republic Steel Corporation

Richard G. Bull
Vice President

William C. Fine
Vice President—Financial Operations

Robert F. Hennig
Vice President

John A. Hill
President
Aetna Life & Casualty Co.

Allen C. Holmes
Partner
Jones, Day, Cockley & Reavis
Attorneys

Victor Holt, Jr.
President
The Goodyear Tire & Rubber Co.

Henry D. Lester
Senior Vice President—Finance

John S. Prescott
Senior Vice President

Robert W. Ramsdell
Chairman and Chief Executive Officer
The East Ohio Gas Company

Walter O. Spencer
Executive Vice President

John D. Wright
Chairman and Chief Executive Officer
TRW Inc.

Arthur W. Steudel
Honorary Director

Officers

E. Colin Baldwin
President and Chief Executive Officer

Walter O. Spencer
Executive Vice President

Henry D. Lester
Senior Vice President—Finance

John S. Prescott
Senior Vice President

Richard G. Bull
Vice President and Corporate Director of Marketing

William C. Fine
Vice President—Financial Operations

Robert F. Hennig
Vice President and Director of Purchasing

Arthur B. Holton
Vice President and Technical Advisor to the President

Sidney Ling
Vice President—European Operations

Virgil A. Hollis
Assistant Vice President Financial Operations

James F. Cole
Treasurer

Alan D. Childs
Secretary and General Counsel

Frank H. Clark
Assistant Treasurer and Assistant Secretary

TRANSFER AGENTS

The Cleveland Trust Company, Cleveland, Ohio

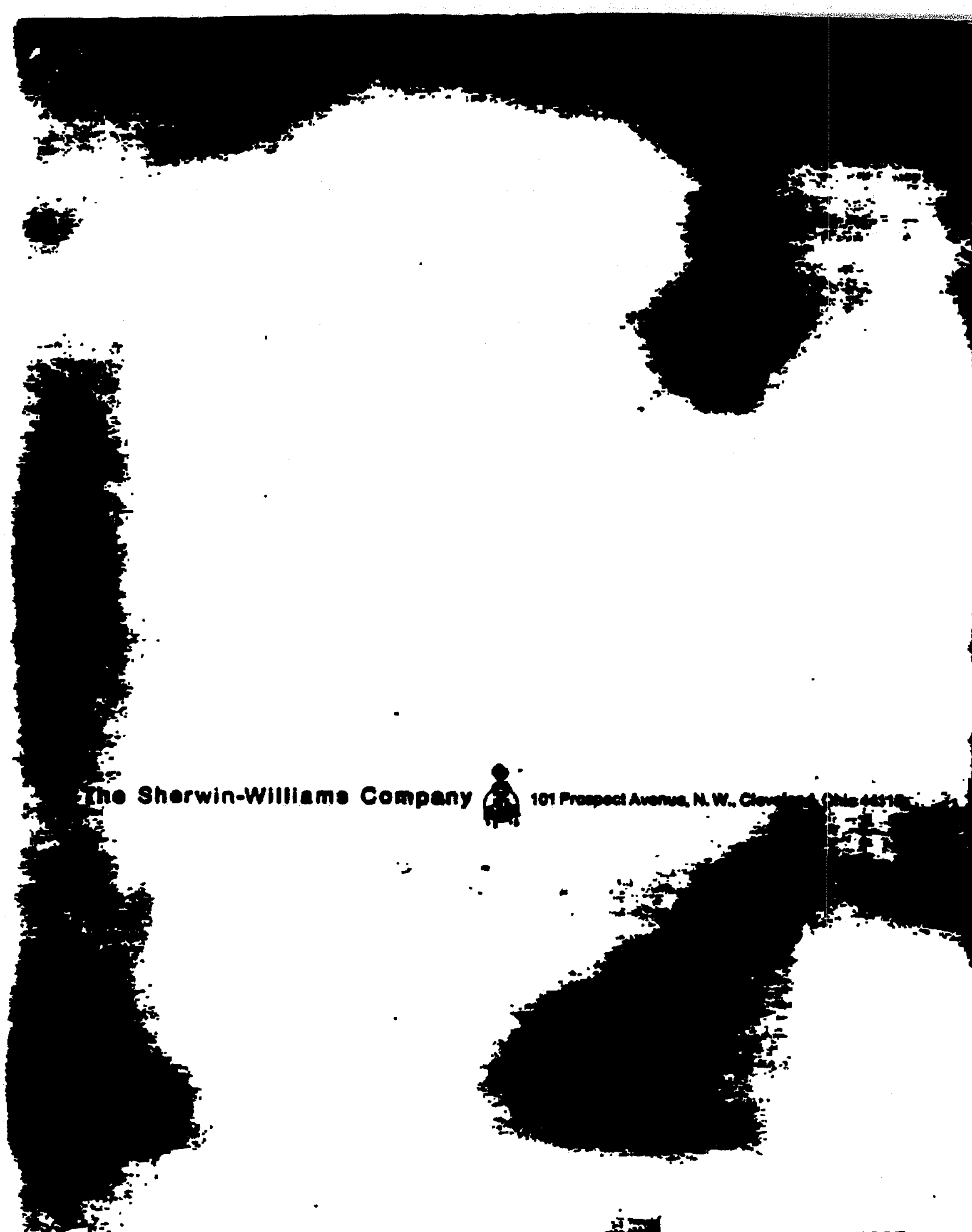
Bankers Trust Company, New York, N. Y.

REGISTRARS

Central National Bank of Cleveland, Cleveland, Ohio

Morgan Guaranty Trust Company of New York, New York, N. Y.

As in years past, this Annual Report was printed at the Sherwin-Williams Printing Division, North Olmsted, Ohio. Many of the inks used in its production contain pigments supplied by the Sherwin-Williams Chemicals Division.



The Sherwin-Williams Company 101 Prospect Avenue, N.W., Cleveland, Ohio 44115

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