The Sherwin-Williams Company 1979 Annual Report

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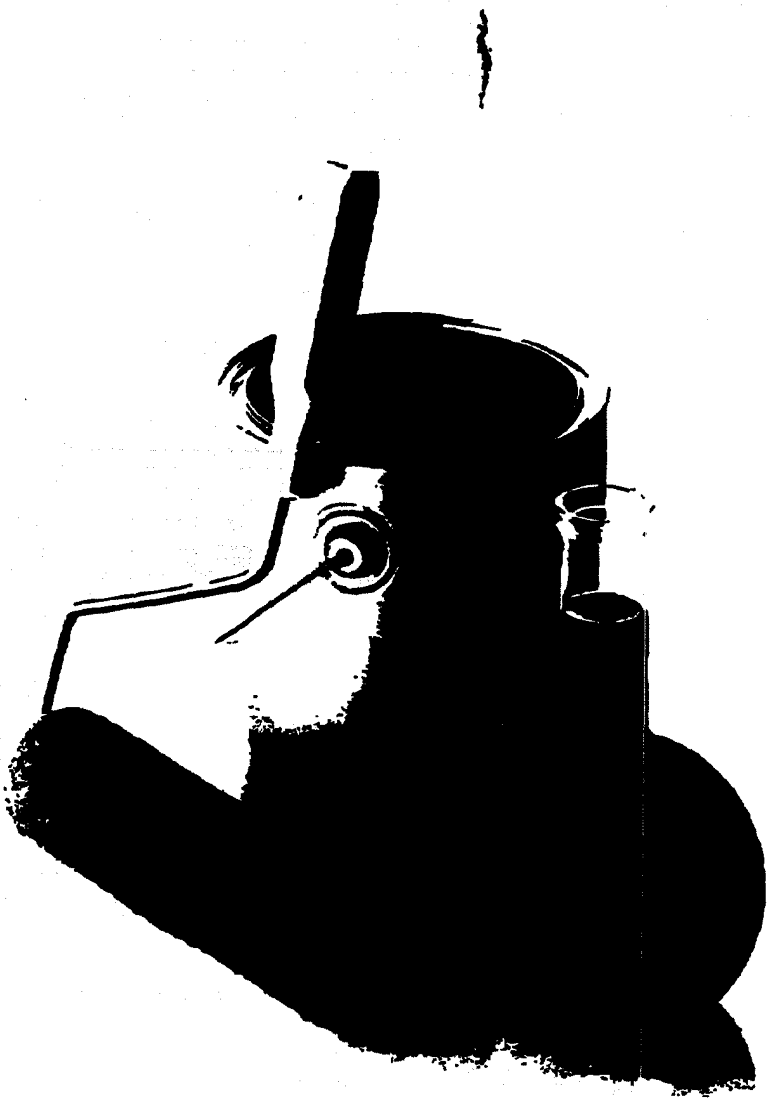

Annual Meeting

The annual meeting of shareholders will be held at 10:00 a.m., April 23, 1980 at the Cleveland Plaza Hotel, Euclid Avenue at East 12th Street, Cleveland, Ohio.

Annual Report on Form 10-K

The annual report on Form 10-K, filed with the Securities and Exchange Commission, is available without charge from:
Corporate Secretary
The Sherwin-Williams Company
101 Prospect Avenue, N.W
Cleveland, Ohio 44115

Transfer Agent & Registrar

AmeriTrust Company
Cleveland, Ohio

Trustees

5.45% Debentures; 9.45% Debentures
AmeriTrust Company
Cleveland, Ohio

6.25% Convertible
Subordinated Debentures
Central National Bank of Cleveland
Cleveland, Ohio

Headquarters

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

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Highlights

Dollar amounts in thousands, except per share

	1979	1978	Increase
Net sales	$1,196,343	$1,132,350	6%
Net income	18,028	5,192	247%
Per common share:			
Net income	3.21	.76	322%
Cash dividends	.15	—	
Book value	51.56	46.31	11%
Average shares outstanding	5,290,875	5,396,445	
Return on sales	1.51%	.46%	
Return on common shareholders' equity	6.78%	1.79%	
Effective income tax rate	47.6%	47.7%	
Debt to capitalization	46.4%	47.9%	
Times interest earned	2.8 x	1.5 x	
Current ratio	3.01 to 1	3.99 to 1	

Sherwin-Williams Today

Sherwin-Williams is organized in five business segments:

Coatings. The Stores Division operates a chain of 1,400 wholesale and retail decorating centers selling paint, painting tools, wallcoverings and window treatments. Certain centers also carry carpeting and vinyl floorcovering. The Consumer Division manufactures coatings and markets them to painting contractors and a variety of retail outlets. The Automotive Aftermarket Division manufactures and markets coatings and related products for auto repair and fleet maintenance. The Chemical Coatings Division produces and distributes coatings applied to products during production. Research and development for the Coatings Group is conducted at central research and technical centers, as well as at laboratories in each of its plants.

Chemicals. The Chemicals Division produces intermediate and functional products for use in a wide range of agricultural chemicals, foods and beverages, coatings, plastics and other applications.

Packaging Products. The Container Division supplies cans to manufacturers of paint, household products and industrial products. The division is a leading supplier of aerosol cans. Also part of the Packaging Products unit is the Graphic Arts Division, which prints labels, color samples and other materials.

Specialty Products. The Specialty Products Division operates in four principal product areas: paint brushes and rollers, aerosol products for consumer and industrial use, adhesives and paint-spraying equipment.

International. Major foreign subsidiaries are in Canada, Mexico, Jamaica and Brazil. Licensees are located in 34 countries of Europe, Latin America and the Far East. Products manufactured in the U. S. are exported to distributors in over 20 countries.

Contents

To Shareholders:

The past year was one of critical change for Sherwin-Williams. The financial condition of the company was greatly improved. Progress was made in increasing the poor profitability of coatings lines. Many changes were made to upgrade the management team. And a strategic planning process was initiated. It was a year of intensive effort throughout the company to identify and solve our most immediate problems and to establish the objectives that will guide the company toward continued earnings growth.

Liquidity. At the beginning of the year, the most urgent task was to build liquidity, primarily through better management of working capital, particularly inventory.

Inventory turnover was improved through various actions. More efficient manufacturing management now enables faster response to market demand. Simplification of product lines has reduced the number of slow-moving items while ensuring adequate supplies of those in greater demand. Division general managers are now accountable for inventory levels. They direct purchasing and other former corporate functions that enable them to coordinate inventory with marketing plans.

The improved liquidity enabled us to avoid short-term borrowing, reduce long-term debt and purchase a block of common shares.

Profitability. A second important goal for the year was to improve profitability. Although the company's sales have risen steadily in recent years, higher costs of raw materials, labor, transportation and interest have dramatically deteriorated profit margins.

Together with each general manager, we identified steps necessary to earn a satisfactory return on assets employed in his division, and we set specific goals for the year.

All aspects of the business — raw material purchasing, product formulation and processing, distribution and many others — were analyzed for potential cost savings and greater productivity. Prices were increased to reflect increased costs. The relative profit margins of various product offerings were studied to determine which should be promoted most heavily. As a result of these efforts we boosted profitability significantly during the year and also laid the foundation for further gains in the future.

Net income as a percentage of sales more than tripled in 1979. Earnings per share, rose to $3.21, up from $.76 in 1978. And quarterly dividends were resumed with a payment of $.15 per share in December. A payment of $.30 will be made in March. The dividends reflect the improved performance of last year and the confidence of the board of directors in continued improvement.

Executive Appointments. We believe the prime factor in a company's success is the quality of its people. Thus, much of our time during the year was spent on evaluating and selecting key managers dedicated to improving results. A number of management changes were made at corporate and division levels. The positions of senior vice president of finance and vice president of planning and development were filled from outside the company. New group vice presidents were appointed for the Coatings and International groups. The positions of vice president, corporate controller, treasurer, and corporate secretary were reassigned. New general managers from outside the company were appointed for the Stores Division, Consumer Division, Chemical Coatings Division, Specialty Products Division and Sherwin-Williams Canada. A significant number of additional changes were made at various levels within the divisions.

Technology Leadership. Sherwin-Williams has long been a leader in coatings technology and continues to be responsible for some of the industry's most significant product innovations. We have assigned a high priority to maintaining our leadership, particularly with the increasing challenges of rising energy costs for industrial coatings use and greater environmental regulations. To stimulate our research and development organization and to make sure its efforts are focused on areas of greatest advantage, we conducted an extensive audit of technical projects and staffing. As a result, some projects were eliminated, and R&D expenditures were increased on those programs that will benefit future results.

Planning. A strategic planning process, initiated early in the year, required each division general manager to analyze the strengths and weaknesses of his business and to formulate detailed goals and strategies. The process was highly productive in helping managers to understand the full range of their responsibilities and to set the objectives by which their performance will be evaluated. With the transfer of various corporate functions to the divisions, managers now have the tools to run their businesses for optimum profitability, both in terms of day-to-day operations and for the longer term.

Thus, 1979 was the first year in setting a new management direction for Sherwin-Williams. While much was accomplished in meeting immediate challenges and strengthening the company for the future, much remains to be done. The following section of this report outlines our approach to the future.

We believe the company is now better coordinated and staffed for progress in the economic and political environment we foresee. We believe there is a stronger sense of confidence among all Sherwin-Williams employees that they can influence the company's future. And we believe the leadership and determination that sparked the beginning of a turnaround will continue to produce improved results.


John G. Breen William C. Fine

John G. Breen

John G Breen
President & Chief Executive Officer

Wm Fine

William C. Fine
Chairman

February 22, 1980

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Future Perspective

To increase the value of Sherwin-Williams, we will:

1. Build a strong management team.
2. Raise profitability.
3. Secure the long-term future of our present businesses.
4. Diversify the company into growing markets.

To gain perspective, these objectives should be viewed in relation to accomplishments of the past year. The major requirements were to achieve financial stability and to begin returning the company to higher profitability. We have made good progress in reaching these goals. Now we must accelerate our efforts to develop the Sherwin-Williams Company of the future.

Increasing Profitability. It is apparent that many of our assets are not earning an adequate rate of return. In the past year Sherwin-Williams earned 1.5% on its sales of $1.2 billion and 6.8% on shareholders' equity. Our first year of strategic planning, which included analyses of our competitors, showed that we have a great potential for profit improvement, even if we only attain the average profitability for the coatings industry and other specialty retailers to the do-it-yourself market. Several steps have been taken to achieve this potential:

• We have begun to assemble a management team with the skills and initiative to exploit opportunities we now recognize and those we expect to identify in the future. Changes have been made in over half of the top 100 management positions. We have established goals and incentives to guide and stimulate managers, and we have developed a reporting system to track results against the goals.

• We are convinced that the large and growing do-it-yourself market is one in which our unique combination of technology, manufacturing capability and marketing network gives us the tools for success. With a renewed concentration on paint, wallcoverings and associated products, the 1,400 Sherwin-Williams decorating centers will continue to offer a combination of highly dependable quality, together with professional service. We are intensifying the training of our store personnel to support this approach, and we are beginning to analyze the design and location of our decorating centers to make sure they are attractive and convenient to customers.

In addition to the Sherwin-Williams decorating centers, our distribution to hardware dealers, home-improvement centers and other outlets, plus our private-label business with mass merchandisers offer additional means of advancing our position in the do-it-yourself market.

• In the past year we made major changes in the Canadian subsidiary, primarily to reduce costs and achieve better margins.The results have been encouraging, and we expect still further benefits from these moves. But, as in U.S. operations, the major effort will now shift to increasing sales, and we have developed new merchandising programs for that purpose. We are confident that Sherwin-Williams Canada will continue to show steady progress in the future.

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• Growth of the Chemicals Division was impeded in the past by uncertainty as to its future in the company. The fact is, however, that this division is growing faster and is more profitable than our basic coatings business. Thus, there is every reason to build it, rather than sell it. We have taken steps to capitalize on the strengths of the division's management by supporting increased research and by expanding manufacturing capacity.

• With the built-in distribution capability of our Stores Division, as well as the other marketing channels we now supply, we see good potential for our Hadley line of adhesives, caulking and other paint-related products. We are confident that the Hadley unit will be an increasingly important part of our basic business in coatings and associated products.

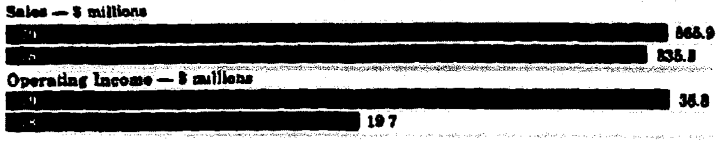
Diversification. With this focus on furthering our present businesses during the next five years, we expect little change in sales mix among coatings, chemicals and related lines. But we expect a marked improvement in profit contribution from the Coatings Group and a much higher overall profitability of the company. We will still be, however, largely concentrated in coatings, a seasonal, low-growth business. To continue growth of earnings and improvement in return on investment at that time, we will depend more heavily on two activities, which have already been initiated.

Recognizing that our poor margins in the coatings industry result largely from excess capacity and an inadequate number of new products, we are investing in research and development to yield more new products with higher margins, and in processes that will increase our manufacturing efficiency.

Second, we will begin to diversify the business through acquisitions. Initially, we will concentrate on companies whose activities will strengthen and extend our present businesses. This approach will limit risk, because we already have experience in these business areas. Acquisitions may be made to improve our strength in the coatings business. Investment in the specialty chemicals industry will be increased because of the higher margins and growth rates in this field. Acquisition strategies for these areas are being developed.

A long-range strategy for diversification is being developed to position Sherwin-Williams in the 1980's. This evolving strategy includes the consideration of acquisition candidates that may be unrelated to our present business.

Coatings



Reflecting efforts to improve margins, operating income of the Coatings Group nearly doubled on a small increase in sales. Most of the gain came in the Stores and Consumer divisions, which together account for over three-fourths of the group's sales. Aided by the successful introduction of a new product, the Automotive Aftermarket Division achieved good sales gains and even higher profit growth. The Chemical Coatings Division, however, encountered lower demand in several of its markets — furniture, homebuilding, etc. Although the lower volume was partly offset by price increases, sharply reduced production resulted in high unit costs and affected profits drastically.

In addition to improving efficiency in many of its functions, the group positioned itself with new products and marketing strategies for increased sales and greater profitability in the years ahead.

Improved Margins. The Stores Division focused its consumer marketing efforts on its most profitable products and the ones it knows best how to sell: paint, wallcoverings, window treatments, brushes, rollers and related tools and supplies. While the division will continue to offer floorcovering in certain decorating centers where there is a suitable market, this line is being phased out of many of the units. The overall benefit of reducing the number of offerings will be a simpler, more directed and more profitable operation.

The Stores Division also mounted a highly successful marketing campaign directed toward painting contractors, traditionally a major market for Sherwin-Williams. Better planning and the addition of personnel specializing in sales to contractors, institutions, industrial firms and building managers brought substantial gains.

Similarly, in the Consumer Division, commercial branches focused on larger users in specific market segments. The specialization enabled a reduction in inventory items and better management of the sales force.

Margins were also boosted both by price increases to offset rising costs of raw materials and by intensive programs to limit the effect of the cost increases. By converting to bulk handling of almost all raw materials used in the manufacture of latex coatings, which represent about two-thirds of its total production, the Consumer Division is able to buy the materials at lower cost, process them more economically and avoid the waste associated with materials packaged in bags. In addition, yield programs instituted in all the plants are helping to identify unnecessary processing waste.

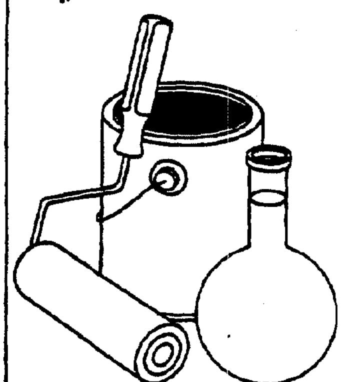
Lower product cost was a major objective of technical activities during the year. In addition to seeking less expensive alternative materials, while retaining traditionally high quality, development teams reviewed all formulas to find ways of simplifying and standardizing manufacturing processes.

Another means of dealing with increasing raw material costs, as well as costs of products purchased for resale, was improved purchasing procedures. As part of the decentralization program initiated in 1978, most raw material purchasing was transferred to the divisions, where it can be more closely coordinated with business plans for marketing and production. Although a corporate purchasing function continues to administer major contracts and coordinate division activities, decentralization of the function gives control to the divisions, which are totally responsible for the profitability of their operations.

As raw materials are the major cost item in coatings manufacturing, personnel costs are the major item in the Stores Division's chain of decorating centers.

1. New Chicago paint plant gains efficiency from highly advanced facilities for storing and processing liquid and dry materials.

2. Researchers help meet environmental standards with new high-solids and water-based coatings.



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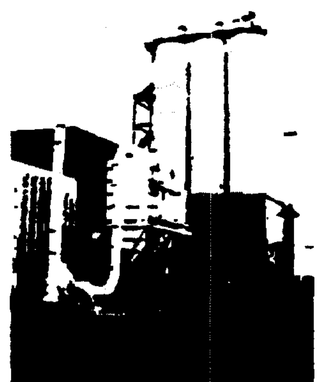

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Although personnel costs were cut substantially by closing over 100 stores in late 1978 and early 1979, further measures to limit costs were taken last year. A program of forecasting personnel requirements was developed. Together with a policy of hiring more part-time people, the program will help in matching the sales force to sales volume.

Inventory Reductions. Eliminating duplications of products in retail and professional lines reduced inventory in the Stores Division. The move also tended to shift offerings for professional contractors to higher quality, higher price products.

The development of standard assortments of associated products will be effective in further eliminating sizeable amounts of inventory. The standard assortments, which are based on store size, will also ensure that smaller stores have adequate stocks of key items without an excessive investment.

In manufacturing-distribution operations, a greater responsiveness of production facilities to market demand has enabled a further reduction of finished goods inventory, while maintaining — and even improving — customer service. Better planning and scheduling and a more efficient method of managing production has shortened the time from initial warehouse order to ultimate receipt of finished goods. Not only does this greater efficiency allow a reduction of inventory, it also helps ensure that the right products are in the warehouse in the right quantities.

Positioning for Future Sales. Together with the emphasis on improved profit margins, divisions of the Coatings Group re-evaluated their markets and products to identify opportunities for future sales growth.

With its 1,400 decorating centers throughout the country, the Stores Division has the broadest network in the industry for serving the burgeoning do-it-yourself market. A thorough study by the division identified the types of products and the price and quality ranges that have the greatest appeal. With the concentration on paint and wallcoverings that has already been established, efforts now can be fine-tuned to specific markets that offer the most benefits.

To carry out plans set during the year, the division's merchandising organization was realigned, with new responsibilities assigned to present management and the addition of personnel bringing specific merchandising experience.

An important part of the marketing program will be an advertising campaign created by a newly appointed agency, which has a record of notable successes in promoting consumer products of major manufacturers.

Sales gains of Martin-Senour Company products, distributed to independent dealers such as paint and wallcovering stores, hardware stores and home centers, showed that this line has now achieved good acceptance. The line, whose market focus was changed in 1974, has features of quality, value, color range, tinting, etc. that dealers want, and it is advertised and promoted specifically for the dealer's benefit. With 1979 sales gains far exceeding those of the general industry, the Martin-Senour line is expected to continue to outpace the market.

Automotive Refinishing. Building on the success of its new Sunfire® acrylic urethane enamel, the first air-dry product that outperforms the original factory-applied finish, the Automotive Aftermarket Division will step up product development to advance its market penetration. Marketing capability, strengthened by the addition of an executive to head this function, will be important in achieving a projected sales and profit increase. Growing foreign interest in licensing the division's products has stimulated plans for furthering its overseas business, in addition to expanding into additional domestic markets.

Industrial Coatings. Two major factors — energy conservation and pollution control — are forcing vast changes in coatings applied to products during manufacture. Baking finishes to drive off solvents can require large amounts of energy, so coatings that allow a lower temperature or duration of baking (or even the elimination of baking altogether) will be increasingly in demand. Furthermore, many solvent-based coatings used today will not comply with pollution control regulations scheduled to become effective in 1982.

Fortunately, the Chemical Coatings Division began a number of years ago to develop water-base and high-solids products that both reduce energy requirements

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1. Kmart Corp., a major customer of the Consumer Division, devotes as much as 20,000 sq ft. in its stores for home-improvement and building-supply products, including paint.

2. Sherwin-Williams stores carry a wide selection of wallcoverings, as well as paint, painting tools and associated supplies.

and meet pollution control standards. Consequently, Sherwin-Williams now enjoys a unique position in the industry, with both a highly sophisticated research capability and an extensive marketing network.

Permaclad® 2200, the high-solids coating that meets all pollution control regulations — even stringent new ones in California — is gaining increased acceptance. The product, which was designed as a one-coat finish for aluminum extrusions and cold-rolled steel, is opening new markets for the Chemical Coatings Division, particularly in the appliance industry.

As a leader in water-base coatings for industrial use, the division has several important products. Kem Aqua®, with a wide range of uses, gives smaller manufacturers the same qualities and compliance previously available only in special applications. Sher-Wood® Latex 2400, a water-base primer-sealer for high-speed application, was specified during the year by two major forest-products manufacturers who are using it to coat pressed-board siding.

3 Sherwin-Williams is a major supplier of materials for automotive refinishing.

4 Central computer in Cleveland daily polls point-of-sale terminals in 1,400 stores to gather sales data.

5 Two electrodeposition tanks, each holding 65,000 gallons of Sherwin-Williams Powercled®, went into production at Deere & Co.

6 Newly expanded training center of the Automotive Aftermarket Division teaches NAPA personnel how to use Martin-Senour products.

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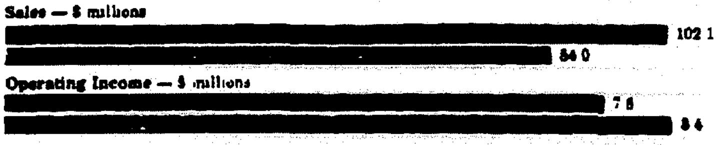
Chemicals



The Chemicals Division achieved excellent performance with higher sales and improved margins. Operating income, however, was reduced $2.9 million by a change to LIFO accounting. The division benefited from increased sales of its established products, as well as growing acceptance of newer ones. Major contributors to the progress were saccharin, para cresol and the triazoles group.

Sales of saccharin were strong, and the price was increased for the first time in two years to offset rising costs. The moratorium passed by Congress in 1977 to stay a ban on the sweetener by the Food & Drug Administration expired in May with no noticeable effect on demand. Congress is currently considering further legislation. With the lack of evidence that saccharin is harmful, and its strong public support, it is expected to remain the major artificial sweetener in the U. S.

Strategic Plan. The long-range strategy of the Chemicals Division is to exploit its technology and its unique production processes by developing new products that perform specific functions and are identified by trade name rather than generic type. An example of this thrust is Cobratec®, a corrosion inhibitor used increasingly in antifreeze, coolants, hydraulic fluids, packaging materials and many other applications. Demand for the product remained strong last year, and an expansion of production facilities, to be completed in 1980, will double capacity.

Similarly, the amoxidation plant in Chicago, largest of its kind in the world, is now producing benzonitrile, as well as the original product, isophthalonitrile. Production of other nitriles is under study.

In 1979 the Chemicals Division sold a significant amount of a newly developed derivative of para cresol for use in the production of polystyrene. This was another step in the division's trend to products for plastics, rubber, and elastomerics, which are already major markets. Production of this para cresol derivative is also an extension of the division's continuous-processing technology. As a result of the success with this product and the potential for others from this process, the feasibility of a second plant is being considered.

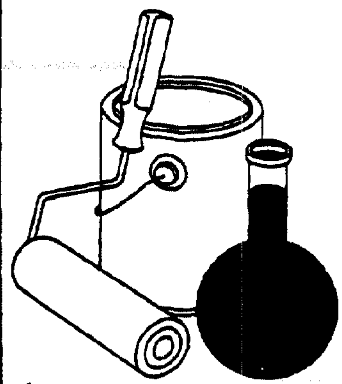
The Chemicals Division was active during the year in introducing other new products that are expected to contribute substantially to future sales and profits.

A group of products for use in oil-well drilling is useful in removing sulfur from sour crudes. Sulfur corrodes drilling equipment, and in the form of hydrogen sulfide it is highly toxic. The new line of products opens the way for penetration of the energy exploration market.

Another example of the division's program of forward integration to produce unique specialty products for selected markets is a line of corrosion inhibitors for cellulose insulation. Sold under the name, Sher-Guard℠, the products counteract the corrosive characteristics of fire-retardants used in the insulation and thus protect metal pipes and ducts passing through it. An aggressive marketing effort is planned for Sher-Guard℠ products.

In preparation for such efforts, as well as a more efficient overall marketing program, new managers of marketing and product development were appointed during the year. Working closely, these managers will concentrate on further strengthening current market positions and on product and business development.

Aiding this effort will be a greater effectiveness in technical development resulting from consolidation of chemical research facilities.



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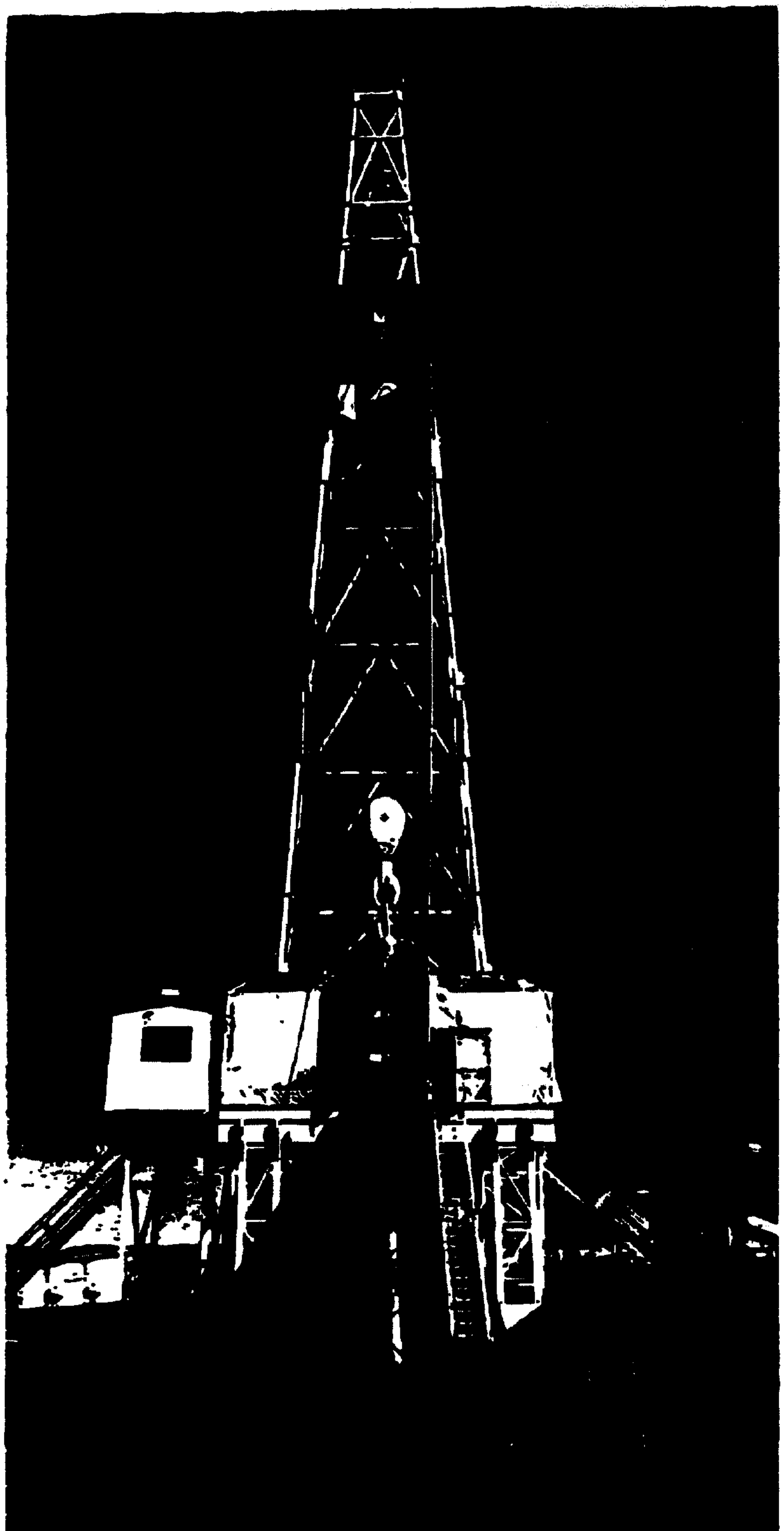

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1. AMF Sunfish floats on hull of polystyrene produced with the aid of a new para cresol derivative

2 Oil-well drilling equipment is protected from corrosion by a new product that removes sulfur from the crude

3 Agricultural chemicals are an application for anthranilic acid, for which production capacity was quadrupled

4 Cellulose insulation is treated with Sher-Guard® to avoid corrosion of pipes and other metal objects in contact with the insulation

Packaging Products

Sales — $ millions	
'79	95 0
'78	87 1
Operating Income — $ millions	
'79	9 5
'78	13.7

Although sales of the Packaging Products unit increased, operating income declined because of a change to LIFO accounting and problems which slowed can production during the early part of the year. The accounting change reduced income by $3.3 million. Lower production resulted in higher unit costs, as well as lost sales.

Output was adversely affected by raw material supply problems brought on by the severe winter and trucking strikes. When the weather abated and the trucks began to roll, backlogs at the steel mills continued to limit shipments for several months.

Delays in converting lithographing operations to ultraviolet curing and the development of new ink systems also cut production. These problems have since been overcome, and the Container Division now has the most advanced capability in the industry for printing on metal cans. In addition to the high quality results achieved with the new ultraviolet curing equipment, the process requires less energy and reduces air pollution.

A larger than expected increase in steel prices cut into margins. Because of the competitive market, the additional cost could not be fully passed on.

On the plus side, demand for metal cans has been strong, and the division has also stepped up its sales efforts, particularly in the fastest growing areas of the U. S. Although the market for charcoal lighter cans, in which the Container Division has a major share, was weak at the beginning of the year because of a shortage of raw material for the lighter fluid, by year-end shipments were up more than expected.

Furthermore, sales of aerosol cans were exceptional, particularly as efficiency of the new equipment for making mid-size cans increased during the year. With the ability to offer a full range of sizes, the division boosted its sales twice as much as overall growth in the industry. The ability to supply mid-size cans has opened new markets for the division, mainly in the important personal products segment where superior quality and service are important factors. A major manufacturer in this field was added as a customer, and several large manufacturers of home products placed more of their orders with the division because of its full line.

In a cost-reduction move, Chicago-area production of oblong cans was further consolidated in the large plant in Elgin where a new production line for quart cans is now operating. In another step to improve productivity, manufacturing capacity for gallon oblong cans at San Leandro was doubled by replacing equipment and redesigning the line.

Productivity is continually under review. Large cost savings in raw materials have been achieved in the past, and the division is now focusing on improvements in facilities and more efficient operations.

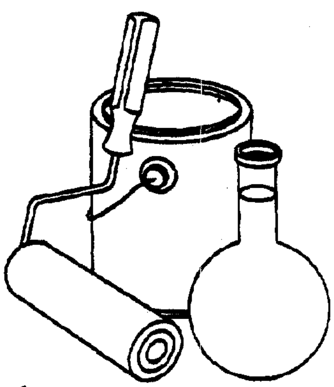
Graphic Arts. During 1979 the division concentrated on improving efficiency and reducing costs. As a result, profits spurted. The division is now shifting its attention to developing external business, in addition to supplying labels and color cards to Sherwin-Williams' coatings divisions.

A promising development during the year to expand such business was the acquisition of a process for making plastic printing plates. The process, which simplifies the production of letterpress plates, has market potential in printing on metal, boxboard and other materials.

Another advance which opens new markets for the division, is computerized shading for color samples. The system compares the customer's standard with a range of colors in computer memory and produces a formula for preparing the color sample.

1 Over 150 million labels are produced annually by the Graphic Arts Division, both for internal use and for other manufacturers

2. New production line for mid-size aerosol cans enables the Container Division to offer a full range of sizes.



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Specialty Products

Sales — $ millions

'79	50.6
'78	46.5

Operating Income — $ millions

'79	1.3
'78	3.7

Operating income of the Specialty Products Division was reduced by a charge of $3.8 million for obsolete inventory.

Sales of the Sprayon unit, which does custom filling of aerosol products and manufactures a variety of industrial maintenance products under the Sprayon label, improved significantly. In part, the sales advance reflected price increases to offset higher costs of propellant and solvent-based coatings, both of which are made from petrochemical feedstocks, but unit volume also increased.

Greater manufacturing efficiencies resulted from procedures to gain higher yields from raw materials. The use of alternative materials in some cases has enabled economies while maintaining quality.

New Products. Several new products also contributed to the group's progress. The Pro Val™ (professional value) brush was introduced during the year with excellent success. Designed to bridge the gap between the top of the consumer line of brushes and the bottom of the professional line, it is being sold in both markets. It has a plastic handle, and its bristles are a blend of nylon and polyester, suitable for both oil-base and latex coatings. Also introduced was the Handcraft™ line of highest quality professional brushes.

A new line of throwaway roller covers for professional painters is the result of a market study that indicated the attractiveness of such a low-price product. A new roller cover was also introduced at the high end of the line. It is made from a wool-polyester blend and replaces lambskin rollers with the advantage of being suitable for latex paint.

Since 1978, the division has developed a growing business in tips for airless spray equipment. Initially sold through Sherwin-Williams stores, which distribute spray equipment, the tips were successfully introduced to other dealers during the past year and are being supplied to manufacturers of spray equipment as accessories for their products.

Performance of the Hadley unit, which manufactures adhesives, caulking and other products both for retail and industrial markets, benefited from manufacturing cost control measures and a greater concentration on adhesive products for industrial applications. Significant management changes during the year have brought badly needed experience to this business.

In the Canadian operations, an additional press was installed to increase production of plastic brush handles, which are gaining popularity. Sales of custom wood products are also advancing significantly.

1 New product introductions include Pro Val™ brush (black handle), Handcraft™ brushes, wool-polyester roller cover (left) and throwaway roller cover

2 Hadley line of adhesives, caulking and other products has been repackaged for sale in Sherwin-Williams stores and other outlets

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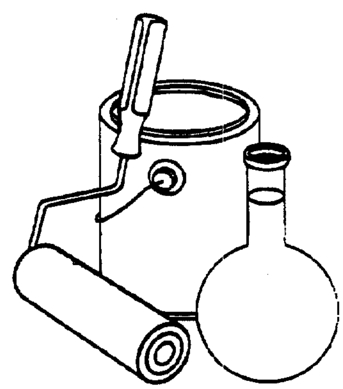

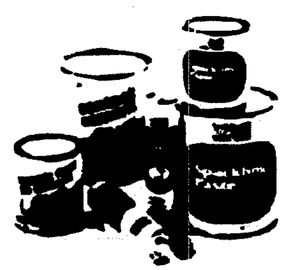

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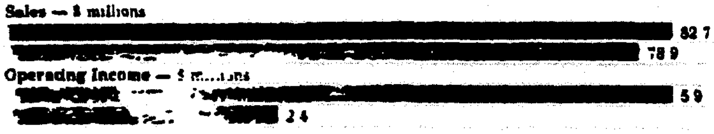
International



The excellent increase in operating income of the International Group, on a small increase in sales, is the result of improved performance in the Canadian, Mexican and West Indies operations. Performance also benefited from the absence of expected devaluations of the Mexican peso and Jamaican dollar. Gains were made in royalties from licensing, which now covers 34 countries. In Canada, where a number of steps were taken during the year to improve margins, losses were cut substantially and bank debt was reduced.

Canada. Major management changes were made in the Canadian subsidiary, with the installation of a new general manager and other key officers, as well as significant staff changes. New programs for financial planning and operating control were implemented, and the investment in working capital was optimized. To improve manufacturing efficiency, the obsolete Winnepeg plant, which could not produce a full range of products or handle high-volume runs, was closed. The Montreal plant is being upgraded to meet all production requirements.

A consolidation of the Kem® brand, sold through independent dealers, and the Sherwin-Williams line, carried by the company's stores, was completed during the year. The combined trade name has greater recognition and acceptance than either name alone. Furthermore, with only a single brand, advertising and promotion can be more concentrated.

In another brand-rationalization program, Canadian private label lines were shortened drastically with an overall reduction of over half the number of items offered. In addition to cutting inventory, the program is encouraging dealers to carry the Kem-Sherwin-Williams line, as well as their private-label products, to provide the wider selection that customers want.

These moves reduced warehouse requirements, and the Toronto and Vancouver warehouses were sold. Furthermore, service to independent dealers was improved, because with both company stores and dealers carrying the same brand, stores can fill dealers' small orders, thus avoiding inefficient shipments from warehouses.

Margins were maintained by price increases, which reflected higher manufacturing and selling costs. With closer control of inventory and purchasing, management is now better able to anticipate higher costs and plan price increases accordingly.

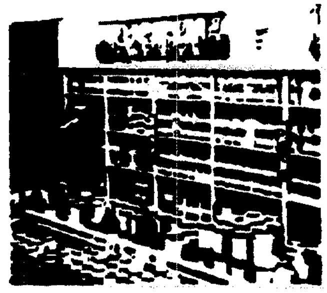
Mexico. The Mexican subsidiary achieved record performance in 1979, largely because of advances in sales through the company's stores, which account for over 80% of the business. Sales of automotive and industrial products were up less. The automotive increase was penalized by the late introduction of a modified acrylic enamel, which is expected to contribute to 1980 results.

Growth of Mexican operations has been limited by a government requirement that new stores be majority owned by Mexican citizens. Several alternative plans to increase the number of stores are now under consideration.

West Indies. Performance of the West Indies operations, based in Kingston, Jamaica, benefited from an aggressive marketing campaign in Trinidad. Efforts were directed toward the automotive refinishing market, which already represents a large share of sales, as well as the architectural coatings market.

1. Sales of the Mexican subsidiary are made largely through a network of 75 stores. Expansion of the store chain is planned

1



Financial Summary

Dollar amounts in thousands except per share	Years ended December 31.				Years ended August 31.	
	1979	1978(D)	1977	1976(A)	1976	1975
Operations				(Unaudited)		
Net sales	$1,196,343	$1,132,350	$1,035,989	$969,205	$951,984	$866,853
Cost of products sold	829,183	795,237	732,049	659,223	644,725	576,122
Selling, general and administrative expenses	322,215	311,175	283,879	269,608	261,786	244,518
Interest expense	19,366	21,318	17,965	13,154	12,226	11,980
Provision for disposition and termination of operations			16,434			
Gain on sale of Ashtabula operations						12,728
Income (loss) before income taxes	34,427	9,928	(11,890)	24,144	33,784	50,233
Income taxes (credit)	16,399	4,736	(3,683)	11,463	15,349	21,645
Net income (loss)	18,028	5,192	(8,207)	12,681	18,435	28,588
Financial Position						
Inventories	$242,264	$243,508	$256,314	$273,557	$244,645	$228,189
Accounts receivable — net	125,669	135,047	125,380	108,727	139,956	119,240
Working capital	324,678	318,652	277,252	304,203	276,456	287,711
Property, plant and equipment — net	203,851	209,580	201,112	177,054	171,769	148,343
Total assets	704,380	649,169	613,360	593,396	587,326	553,127
Long-term debt	234,285	242,362	196,621	182,273	132,416	132,657
Common shareholders' equity	251,052	249,983	245,580	263,634	277,037	271,276
Total shareholders' equity	275,757	274,908	270,518	288,627	302,066	296,424
Per Common Share Data						
Average number of shares of common stock outstanding	5,290,875	5,398,445	5,396,746	5,392,985	5,391,347	5,377,695
Common shareholders' equity per share (book value)	$ 51.56	$ 46.31	$ 45.51	$ 48.87	$ 51.39	$ 50.44
Net income (loss) per common share	3.21	.76	(1.72)	2.12	3.22	5.11
Cash dividends paid per common share	.15		2.20	2.20	2.20	2.20
General						
Income (loss) as a percentage of sales	1.51%	.46%	(.79%)	1.31%	1.94%	3.30%
Return on common shareholders' equity (B)	6.78%	1.79%	(3.52%)	4.28%	6.40%	10.79%
Current ratio	3.01 to 1	3.99 to 1	3.29 to 1	4.15 to 1	3.18 to 1	3.89 to 1
Times interest earned (C)	2.8 x	1.5 x	.3 x	2.8 x	3.8 x	5.2 x
Working capital as a percentage of sales	27.14%	28.14%	26.76%	31.39%	29.04%	33.19%
Capital expenditures	$11,867	$17,274	$31,888	$43,412	$42,844	$27,902
Provision for depreciation and amortization	19,458	18,438	16,924	13,469	12,839	12,750
Number of shareholders:						
Preferred	961	991	1,010	996	986	995
Common	9,796	10,611	10,927	10,603	10,762	10,405
Number of employees	16,872	18,015	19,269	19,910	20,454	20,892
Sales per employee	$70,907	$62,856	$53,765	$48,679	$46,543	$41,492
Sales per dollar of assets	1.70	1.74	1.69	1.63	1.62	1.37

(A) The year ended December 31, 1976 includes eight months of operations which are also included in the fiscal year ended August 31, 1976.

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

(C) Ratio of pre-tax income before interest expense to interest expense.

(D) Certain amounts in the 1978 financial summary have been reclassified to conform to the 1979 presentation.

Financial Review

Sales

Consolidated net sales increased $63,993,000 (5.7%) to $1,196,343,000 during 1979. The Coatings and Chemicals segments increased sales by $30,064,000 (3.6%) and $18,112,000 (21.6%) respectively, primarily due to price increases. Sales in all other segments showed improvement over 1978, resulting from a combination of volume and price increases.

Presented below are the approximate percentages of total net sales by class of similar products which contributed 10% or more to total net sales during the periods indicated:

	Years ended December 31,				Years ended August 31,	
	1979	1978	1977	1976	1976	1975
Paint, varnishes, lacquers and allied materials	61%	60%	61%	63%	63%	62%
Paint application and decoration products purchased for resale	22%	25%	24%	22%	23%	20%

Gross Profit

Gross profit increased $30,047,000 over the previous year. Overall gross profit margins increased from 29.8% to 30.7%, despite the effect of the change in the method of determining the cost of certain inventories from the first-in, first-out and average cost methods to the last-in, first-out method as described in Note A to the financial statements. The margin improvements resulted from efforts to reduce production costs and continued emphasis on the sale of higher margin products throughout all segments.

The Coatings and International segments were successful in increasing gross profits considerably on a moderate increase in sales. Although sales of the Packaging Products segment increased, gross profit declined, primarily because of material supply problems and the change to LIFO.

Maintenance and repair costs increased $4,158,000 (18.3%) over prior year costs. Increased repairs and higher costs within the Chemicals segment accounted for approximately 50% of the increase.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $11,040,000 (3.5%) over 1978 expenses; however, expenses as a percentage of sales improved to 26.9% in 1979 from 27.5% in 1978. Significant emphasis on the reduction of nonessential support services helped offset the effect of higher employee costs. Advertising expenditures were reduced 17.9% or approximately $4,622,000 compared to 1978 levels as a result of reduced advertising in the Coatings segment. Taxes, other than income and payroll, were reduced $1,170,000 (15.1%) due to the closing of over 100 stores and certain changes in tax rates.

Interest Expense

Interest expense declined $1,952,000 (9.2%) from 1978 amounts due to the significant reduction in short-term borrowings, offset to a certain extent by increased interest on the additional debt issued in the fourth quarter of 1978. All domestic short-term borrowings have been eliminated and foreign short-term debts, primarily Canadian, have been reduced to $4,640,000 from the 1978 level of $10,720,000.

Interest Income

Increased investment in short-term securities during 1979 generated an increase in interest income of $6,418,000.

Other — Net

The gain on the purchase of debentures increased $1,107,000 to $1,656,000 in 1979. However, this increase was offset by a net change of $2,134,000 related to the disposition and termination provisions described more fully in Note L to the financial statements, and a $1,141,000 decrease related to foreign currency translation.

Income Taxes

Income tax expense increased by $11,663,000, due primarily to the higher 1979 income.

Net Income

Net income rose to $18,028,000 ($3.21 per common share) from $5,192,000 ($.76 per common share) for 1978, an increase of 247%. This change resulted from improvements in the Coatings segment, primarily in the Consumer and Stores Divisions. The International segment also performed well, with losses of Canadian operations cut substantially from the prior year and record sales in the Mexican subsidiary. Income of the Packaging Products and Chemicals segments was reduced as a result of the accounting change to LIFO.

The effect on 1979 income per common share of a reduced number of outstanding shares, which resulted from the purchase of treasury stock, is minimal because the purchase occurred late in 1979. If the purchase had been completed as of January 1, 1979, reported earnings per share would have been approximately $3.33 for the year ended December 31, 1979.

Years ended December 31, 1978/December 31, 1977

Consolidated net sales were $1,132,350,000, representing a $96,361,000 (9.3%) increase over calendar 1977. The Coatings segment recorded a sales gain of $78,144,000 (10.3%) resulting from increased volume in store sales of paint and associated products and, to a lesser extent, price increases for certain automotive products.

The Packaging Products and Specialty Products segments posted sales increases of $14,215,000 (19.5%) and $4,786,000 (11.5%), respectively, primarily due to increased volume. Sales of the Chemicals segment increased by $1,640,000 (2.0%) due to price increases, as unit sales remained relatively constant. Sales of the International segment declined modestly.

Gross profit for 1978 increased $33,173,000 (10.9%) over the previous year, with the Coatings segment accounting for $26,172,000 of the increase. The increase in gross profit of the Coatings segment is primarily attributable to sales gains. The Chemicals segment posted a $5,237,000 (112.3%) increase in gross profit, which was due almost exclusively to aggressive pricing efforts during the year. Packaging Products and Specialty Products also recorded gross profit increases over the previous year. Gross profit in the Packaging Products segment had been adversely affected in 1977 by a strike at the Hubbard, Ohio container plant. The increases in these segments were offset to some extent by a $2,933,000 decrease in gross profit for the International segment, due in part to lower sales in Canada and increased raw material costs in other divisions of the segment.

The Company's overall gross profit margin increased slightly to 29.8% from 29.3% in 1977. However, the extent of improvement in gross profit margins was tempered somewhat due to lower production volume in the fourth quarter of 1978, which was insufficient to fully absorb fixed costs and thus penalized earnings. Production was curtailed in that period in order to reduce inventories and improve liquidity.

Depreciation and amortization expense increased $1,514,000 (8.9%), which can be attributed to increased amortization expense on capital leases and depreciation on the new emulsion plant in Chicago. Maintenance and repair costs increased $2,365,000 (11.6%) over 1977 costs, primarily due to higher expenses in the factories of the Coatings and Chemicals segments.

Selling, general and administrative expenses increased $27,296,000 (9.6%) over the prior year. These expenses in the Coatings segment increased $27,714,000 (12.2%) primarily due to higher employee costs and increased advertising expenses. The Chemicals segment reduced its selling, general and administrative expenses by 32%, due to an intensive effort to cut support expenses and reduce the cost of doing business. The selling, general and administrative expenses of the other segments all improved as a percentage of sales.

Interest expense was $21,318,000 for the year, representing an increase of $3,353,000 (18.7%). The sharp rise in interest cost was caused by the higher levels of short-term borrowings outstanding during the year, which were needed to support the level of sales activity, and escalating interest rates.

Other — net increased $1,455,000 to $3,596,000, due principally to the credit to income of $1,258,000 resulting from an adjustment to the 1977 provision for disposition and termination of operations, described more fully in Note L to the financial statements. The provision established in 1977 for the disposition and termination of certain operations amounted to $16,434,000 ($10,641,000 after tax or $1.97 per common share) and is shown as a separate component of income in 1977.

The company incurred a net operating loss for tax purposes in 1978, primarily resulting from timing differences between financial and tax accounting relating to depreciation and the tax effect of the provision for disposition of operations. Refundable income taxes of $4,710,000 for 1978 resulted from the carryback of that loss to prior years.

Net income for 1978 was $5,192,000, or $.76 per common share, compared to a net loss of $8,207,000, or $1.72 per common share for 1977. Included in the 1977 loss are operating losses and other charges associated with discontinued operations which totaled $15,080,000, or $2.79 per common share.

Report of Management

Shareholders
The Sherwin-Williams Company

We have prepared the accompanying consolidated financial statements and related information included herein for the years ended December 31, 1979 and 1978. The opinion of Ernst & Whinney, the Company's independent auditors, on those financial statements is included. The primary responsibility for the integrity of the financial information included in this annual report rests with management. This information is prepared in accordance with generally accepted accounting principles, based upon our best estimates and judgments and giving due consideration to materiality.

The Company maintains accounting and control systems which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and which produce records adequate for preparation of financial information. There are limits inherent in all systems of internal control based on the recognition that the cost of such systems should not exceed the benefits to be derived. We believe our system provides this appropriate balance.

The Board of Directors pursues its responsibility for these financial statements through the Audit Committee, composed exclusively of outside directors. The Committee meets periodically with management, internal auditors and our independent auditors to discuss the adequacy of financial controls, the quality of financial reporting, and the nature, extent and results of the audit effort. Both the internal auditors and independent auditors have private and confidential access to the Audit Committee at all times.

J G Breen   T A Commes   J E Wallace

J. G. Breen *President & Chief Executive Officer*

T. A. Commes *Senior Vice President, Finance Chief Financial Officer*

J. E. Wallace *Vice President, Corporate Controller Chief Accounting Officer*

Report of Ernst & Whinney, Independent Auditors

Shareholders and Board of Directors
The Sherwin-Williams Company
Cleveland, Ohio

We have examined the consolidated balance sheets of The Sherwin-Williams Company and subsidiaries as of December 31, 1979 and 1978, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years then ended. Our examinations were 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, the financial statements referred to above present fairly the consolidated financial position of The Sherwin-Williams Company and subsidiaries at December 31, 1979 and 1978, and the consolidated results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of determining inventory cost as described in Note A to the financial statements.

Ernst + Whinney

Cleveland, Ohio
February 19, 1980

Statements of Consolidated Income

The Sherwin-Williams Company and Subsidiaries

Thousands of dollars	Years ended December 31 1979	1978
Net sales	$1,196,343	$1,132,350
Costs and expenses:		
Cost of products sold	829,183	795,237
Selling, general and administrative expenses	322,215	311,175
Interest expense	19,368	21,318
Interest income	(8,131)	(1,713)
Other — net	(717)	(3,595)
	1,161,916	1,122,422
Income before income taxes	34,427	9,928
Income taxes	16,399	4,736
Net income	$ 18,028	$ 5,192
Net income per common share:		
Primary	$ 3.21	$ 76
Fully diluted	$ 2.95	$ 76

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Sherwin-Williams Company and Subsidiaries

Thousands of dollars		1979	December 31 1978
Assets	Current assets		
	Cash	$ 7,563	$ 32,682
	Short-term investments	101,839	40
	Accounts receivable, less allowances of $2,000	125,669	135,047
	Inventories:		
	Finished products	177,748	185,974
	Work in process and raw materials	64,516	57,534
		242,264	243,508
	Other current assets	8,652	14,040
	Total current assets	485,987	425,317
	Other assets	14,542	14,272
	Property, plant and equipment		
	Land	5,612	5,822
	Buildings	112,646	113,719
	Machinery and equipment	240,506	233,084
	Construction in progress	10,879	9,606
		369,643	362,231
	Less allowances for depreciation and amortization	165,792	152,651
		203,851	209,580
		$704,380	$649,169
Liabilities and Shareholders' Equity	Current liabilities		
	Short-term borrowings	$ 4,649	$ 10,720
	Accounts payable	78,885	36,854
	Compensation and amounts withheld	20,746	16,921
	Pension, interest and other accruals	43,344	34,435
	Income taxes	13,685	7,735
	Total current liabilities	161,309	106,665
	Long-term debt	234,285	242,362
	Deferred income taxes	24,873	18,111
	Other long-term liabilities	5,326	3,607
	Minority interest in subsidiary	2,830	3,516
	Shareholders' equity		
	Capital stock:		
	Serial preferred	8,854	8,854
	Common	33,884	33,881
	Other capital	5,171	5,240
	Retained earnings	243,884	227,823
		291,793	275,598
	Less treasury stock, at cost	16,036	690
	Total shareholders' equity	275,757	274,908
		$704,380	$649,169

See notes to consolidated financial statements.

Statements of Changes in Consolidated Financial Position

The Sherwin-Williams Company and Subsidiaries

	Thousands of dollars	Years ended December 31, 1979	1978
Source of Funds	From operations:		
	Net income	$18,028	$ 5,192
	Add back charges (credits) to operations not requiring (providing) funds:		
	Provision for depreciation and amortization	19,458	18,438
	Increase in noncurrent deferred income taxes	6,762	1,857
	Provision for disposition of noncurrent assets	1,050	(664)
	Funds provided from operations	45,298	24,823
	Increase in long-term debt	—	40,299
	Obligations under capital leases	1,462	7,568
	Sale of treasury stock	5,675	—
	Net book value of noncurrent assets sold	—	3,215
	Other — net	707	—
		$53,142	$75,905
Application of Funds	Cash dividends	$ 1,767	$ 801
	Additions to property, plant and equipment, net of normal retirements	10,181	14,946
	Additions to property under capital leases, net of normal retirements	4,598	10,475
	Purchase of treasury stock	21,096	—
	Increase in working capital	6,026	45,771
	Purchase of debentures	9,474	2,126
	Other — net	—	1,786
		$53,142	$75,905
Changes in Working Capital — Increase (Decrease)	Cash	$(25,119)	$30,497
	Short-term investments	101,799	(10)
	Accounts receivable	(9,378)	9,667
	Inventories	(1,244)	(7,690)
	Other current assets	(5,388)	(1,337)
	Short-term borrowings	6,071	19,145
	Accounts payable	(42,031)	(3,831)
	Compensation and amounts withheld	(3,825)	1,520
	Pension, interest and other accruals	(8,909)	2,855
	Income taxes	(5,960)	(5,045)
	Increase in working capital	$ 6,026	$45,771

See notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity

The Sherwin-Williams Company and Subsidiaries

Thousands of dollars	Serial Preferred Stock	Common Stock	Other Capital	Retained Earnings	Treasury Stock
Balance at December 31, 1977	$ 8,859	$33,880	$ 5,237	$223,232	$ (690)
Common stock issued:					
222 shares upon conversion of preferred stock	(5)	1	3	—	—
Net income	—	—	—	5,192	—
Cash dividends declared:					
Series A preferred stock — $3.00 per share	—	—	—	(211)	—
Series B preferred stock — $3.30 per share	—	—	—	(590)	—
Balance at December 31, 1978	$ 8,854	$33,881	$ 5,240	$227,623	$ (690)
Treasury stock acquired:					
530,000 shares of common stock — net of 200,000 shares sold	—	—	(75)	—	(15,237)
2,200 shares of Series B preferred stock	—	—	—	—	(109)
Common stock issued:					
400 shares upon exercise of stock options	—	3	6	—	—
Net income	—	—	—	18,028	—
Cash dividends declared:					
Series A preferred stock— $4.00 per share	—	—	—	(282)	—
Series B preferred stock — $4.40 per share	—	—	—	(785)	—
Common stock — $.15 per share	—	—	—	(700)	—
Balance at December 31, 1979	$ 8,854	$33,884	$ 5,171	$243,884	$(16,036)

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Sherwin-Williams Company and Subsidiaries
Years ended December 31, 1979 and 1978

Note A — Summary of Significant Accounting Policies

The consolidated financial statements include all significant subsidiaries. Intercompany accounts and transactions have been eliminated.

The effect of translating the accounts of foreign subsidiaries into U.S. dollars is included in costs and expenses, other — net and amounted to a loss of $267,000 and a gain of $874,000 in 1979 and 1978, respectively.

Short-term investments are stated at cost, which approximates market.

Inventories are stated at the lower of cost or market. At December 31, 1979 and effective January 1, 1979, the company changed its method of determining inventory cost from the FIFO method and the average cost method to the LIFO method for certain domestic inventories. These inventories account for approximately 20% of total inventories. The company believes the LIFO method will more fairly present its results of operations by reducing the effect of inflationary cost increases in these inventories and thus match current costs with current revenues. If the FIFO and average cost methods had been used, inventories would have been $6,221,000 higher at December 31, 1979. The effect of the change in 1979 was to reduce net income by approximately $3,359,000 ($.63 per common share).

Property, plant and equipment is stated on the basis of cost. Provisions for depreciation are based on annual rates calculated to amortize the cost of depreciable assets over their estimated economic lives, computed principally by the straight-line method.

Research and development costs charged to operations were approximately $7,100,000 and $6,712,000 for 1979 and 1978, respectively.

Certain amounts in the 1978 financial statements have been reclassified to conform to the 1979 presentation.

Note B — Pension Plans

Substantially all employees of the company who meet certain requirements as to age and service participate in noncontributory pension plans. The company's policy is to fund pension cost accrued, representing normal cost and amortization of unfunded prior service cost over 30 years. The unfunded portion of prior service costs under the company's pension plans as of the latest valuation was estimated to be $66,778,000. Pension expense was $15,568,000 and $15,353,000 for 1979 and 1978, respectively. Certain 1978 plan amendments for increased benefits became effective January 1, 1979 and increased pension expense by approximately $1,700,000. Actuarial assumptions were reviewed in 1979, and effective January 1, 1979 certain changes were made which decreased unfunded prior service cost and reduced pension expense by approximately $1,500,000. For certain plans at December 31, 1979, the actuarially computed value of vested benefits as of the most recent actuarial determination exceeded the value of pension fund assets and related balance sheet accruals by approximately $16,528,000. The value of pension fund assets was determined using market values at December 31, 1979.

Note C — Leases

The company leases stores, warehouses, office space and equipment. Renewal options are available on the majority of leases, and, under certain conditions, options exist to purchase properties. In some instances, store leases require the payment of contingent rentals based on sales in excess of specified minimums. Certain properties are subleased with various expiration dates.

Property, plant and equipment includes the following amounts for capital leases, which are amortized by the straight-line method over the lease term:

Thousands of dollars	December 31 1979	1978
Buildings	$19,085	$20,424
Machinery and equipment	12,612	8,010
	31,697	28,434
Less allowance for amortization	11,324	9,189
	$20,373	$19,245

Rental expense for all operating leases was $30,726,000 and $32,939,000 for 1979 and 1978, respectively. Contingent rentals and sublease income for all leases were not significant.

Following is a schedule, by year and in the aggregate, of future minimum lease payments under capital leases and noncancelable operating leases having initial or remaining terms in excess of one year at December 31, 1979:

Thousands of dollars	Capital Leases	Operating Leases
1980	$ 5,546	$22,465
1981	5,243	17,996
1982	4,976	12,855
1983	4,542	8,346
1984	4,053	5,139
Later years	10,948	8,822
Total minimum lease payments	35,308	$75,623
Amount representing interest	(10,106)	
Executory costs	(3,022)	
Present value of net minimum lease payments	$22,180	

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Note D — Long-Term Debt

Thousands of dollars	December 31, 1979	1978
5.45% Debentures Due 1992 (exclusive of $3,664 in treasury in 1979 and $4,811 in 1978) Annual sinking fund payments of $2,000	$ 32,336	$ 33,189
6.25% Convertible Subordinated Debentures Due 1995 (exclusive of $2,350 in treasury in 1979) Annual sinking fund payments of $2,000 commence in 1981 Convertible into common stock at $46 a share	37,650	40,000
9.45% Debentures Due 1999 (exclusive of $6,271 in treasury in 1979) Annual sinking fund payments of $2,000 commence in 1980	43,729	50,000
9-3/8% Promissory Notes Due 1996 Annual prepayments of $3,325 commence in 1982	50,000	50,000
10% Promissory Notes Due 1998 Annual prepayments of $2,997 commence in 1984	45,000	45,000
5.25% to 6.30% Industrial Revenue Bonds Mature in varying amounts through 1992	6,365	6,430
Obligations under capital leases-less current portion of $2,975 in 1979 and $2,410 in 1978 See Note C	19,205	17,743
	$234,285	$242,362

Certain covenants under the note agreements require the company to maintain specified levels of working capital, limit the incurrence of debt, lease obligations and investments and restrict the payment of dividends and other distributions on the company's stock. The company may, at any time, issue stock dividends or pay dividends on presently outstanding shares of preferred stock under the terms of the note agreements. At December 31, 1979, approximately $12,600,000 was available for cash dividends on common stock.

Interest expense on long-term debt amounted to $18,060,000 and $14,449,000 for 1979 and 1978, respectively. The company has sufficient debentures in treasury to satisfy most sinking fund requirements through 1981. Maturities of long-term debt, exclusive of capital lease obligations and after the abovementioned reduction for sinking fund requirements to be satisfied from debentures on deposit with the trustee, are as follows for the next five years:

1980	$ 65,000
1981	401,000
1982	7,040,000
1983	9,119,000
1984	12,387,000

Under a credit agreement with a group of ten banks, the company may borrow up to $50,000,000 until December 1, 1983. Amounts outstanding under the agreement may be converted into four-year term loans at any time. The credit agreement includes certain restrictive covenants regarding working capital levels and the working capital ratio, with a commitment fee of 1/2% per annum on the unused portion until December 1983. No borrowings were outstanding under this agreement at December 31, 1979.

Note E — Stock Purchase and Stock Option Plans

Approximately 5,200 salaried employees currently are participating through regular payroll deductions in the company's Employee Stock Purchase and Savings Plan which became effective April 1, 1969. In this employee fund at December 31, 1979, there were 929,341 shares of common stock, representing approximately 19% of the total number of common shares outstanding. The company's contribution charged to operations during 1979 amounted to approximately $1,630,000. Shares of company stock credited to each member's account are voted by the trustee under confidential instructions from each individual plan member.

Stock options have been granted to certain officers and key employees under the company's stock option plan, at prices not less than fair market value of the shares at date of grant and become exercisable to the extent of one-fifth of the optioned shares for each full year of employment following the date of grant, expiring ten years after date of grant.

During 1979, the board of directors granted 73,000 stock options to certain officers at the fair market value on the date of grant with an aggregate price of $1,518,000. These options are part of related employment contracts and carry substantially the same terms as options granted under the company's stock option plan.

A stock appreciation rights plan was approved by the shareholders in 1979; however, no rights have been granted under the plan.

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Note E — Stock Purchase and Stock Option Plans (continued)

	1979		1978	
	Shares	Aggregate Price	Shares	Aggregate Price
Options outstanding — beginning of year	216,034	$6,704,000	156,609	$5,739,000
Granted	15,000	326,000	74,000	1,526,000
Exercised	(400)	(8,000)	—	—
Canceled	(43,342)	(1,515,000)	(14,575)	(561,000)
Options outstanding — end of year	187,292	$5,507,000	216,034	$6,704,000
Exercisable	116,292		133,634	
Reserved for future grants	379,535		51,193	

Note F — Summary of Quarterly Results of Operations (Unaudited)

Thousands of dollars, except per share

	Three months ended				Three months ended			
	March 31, 1979	June 30, 1979	Sept. 30, 1979	Dec. 31, 1979	March 31, 1978	June 30, 1978	Sept. 30, 1978	Dec. 31, 1978
Net sales	$257,144	$333,833	$324,654	$280,712	$231,928	$318,560	$308,789	$273,073
Gross profit	77,342	102,978	96,260	90,580	69,483	100,114	93,018	74,496
Net income (loss)	13	8,979	6,184	2,852	(1,753)	8,138	5,407	(6,600)
Per common share:								
Primary	(.05)	1.61	1.10	.52	(.38)	1.46	.96	(1.28)
Fully diluted	(.05)	1.40	.98	.50	(.38)	1.27	.86	(1.28)
Cash dividends paid:								
Common	—	—	—	.15	—	—	—	—
Preferred:								
Series A	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Series B	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Market price per share:								
Common								
High	26-1/4	22-7/8	28-3/8	28-7/8	28-3/8	31-7/8	28-1/2	25-1/4
Low	19-5/8	20-1/8	20-3/4	22-3/8	19-3/4	22-3/4	24-1/4	19-5/8
Series B Preferred								
High	51	49	53-1/2	52-1/2	55-1/2	58	57	54-1/4
Low	44	44-1/8	46-3/4	46	49	49-1/8	52-1/4	44

1979

First quarter income includes a gain of $604,000 after tax ($.11 per common share) on the repurchase of debentures to satisfy future sinking fund requirements.

Second quarter income was reduced by a provision of $1,572,000 after tax ($.29 per common share) for estimated costs related to inventory obsolescence.

Third quarter income was reduced by a provision of $1,590,000 after tax ($.30 per common share) for costs associated with closing certain manufacturing operations.

Fourth quarter adjustments increased after-tax profits by approximately $2,187,000 ($.41 per common share). These adjustments included a $5,131,000 after-tax increase in profits ($.97 per common share) related to higher-than-estimated gross margins, offset by changes in estimates related primarily to inventory obsolescence and certain liabilities.

Net income for each of the first three quarters was restated by approximately $840,000 ($.16 per common share) due to the adoption of LIFO in the fourth quarter of 1979. Net income for 1979 was reduced by $3,369,000 ($.63 per common share) as a result of the LIFO adoption.

1978

Fourth quarter adjustments increased after-tax profits by approximately $1,352,000 ($.25 per common share). These adjustments included a $3,486,000 after-tax increase in profits ($.64 per common share) related to higher-than-estimated gross margins and adjustments to the provision for disposition and termination of operations, offset by expenses related to the curtailment of production to reduce inventory and improve liquidity.

1979 and 1978

The company's Common Stock and $4.40 Cumulative Convertible Preferred Stock, Series B, are traded on the New York Stock Exchange. The $4.00 Cumulative Convertible Preferred Stock, Series A, is not actively traded, and no historical market prices are available.

Note G — Capital Stock

	Authorized Shares	Issued Shares December 31. 1979	1978
Serial Preferred Stock— without par value	1,500,000		
$4.00 Cumulative Convertible Preferred Stock, Series A		70,498	70,498
$4.40 Cumulative Convertible Preferred Stock, Series B (including 2,200 shares in 1979 held in treasury)		178,749	178,749
Common Stock— $6.25 par value	15,000,000		
(including 582,506 shares in 1979 and 22,506 shares in 1978 held in treasury)		5,421,418	5,421,018

The shares of Series A and Series B preferred stock are convertible at base conversion prices of $57.93 and $62.50 per share of common stock, respectively, based on a value of $100 per share of preferred stock 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 at $100.50 per share until March 1980 and at $100 per share thereafter, and the Series B preferred stock at $101.10 per share until December 1980 and at declining amounts to $100 per share in 1981 and thereafter. The aggregate preference of the preferred stock in involuntary liquidation was approximately $24,705,000 and $24,925,000 at December 31, 1979 and 1978, respectively. The excess of the aggregate price in involuntary liquidation over the aggregate stated value does not create any restrictions on the distribution of retained earnings.

In October, 1979 the company purchased the 730,000 shares (13.5%) of its common stock held by Gulf & Western Industries, Inc. at a cost of $20,987,500.

In December, 1979 the Sherwin-Williams Pension Plans purchased 200,000 shares of common stock from the company for $5,675,000 at the closing market price on the date of sale.

An aggregate of 1,862,477 and 1,544,484 shares of common stock, at December 31, 1979 and 1978, respectively, were reserved for conversion of preferred stock, convertible subordinated debentures and exercise of stock options.

Note H — Net Income per Common Share

Primary net income per common share was computed based on the average number of shares outstanding after adjusting net income for dividend requirements of the preferred stock.

Fully diluted net income per common share (no dilution in 1978) was computed based on the average number of shares outstanding for the year ended December 31, 1979 and assumed the conversion of the 6.25% Convertible Subordinated Debentures (after adding to net income interest on the debentures net of income taxes), preferred stock, and the exercise of dilutive stock options.

Note I — Income Taxes

Thousands of dollars	1979	1978
Current	$11,899	$ 4,130
Refundable	—	(4,710)
Deferred	4,500	5,316
Income taxes	$16,399	$ 4,736

The company has recognized the deferred income tax liabilities and benefits resulting from timing differences between financial and tax accounting relating to depreciation and other valuation allowances. It is the company's intention to reinvest undistributed earnings of foreign subsidiaries; accordingly, no deferred income taxes have been provided thereon. At December 31, 1979, such undistributed earnings amounted to approximately $11,840,000.

The company incurred a net operating loss for tax purposes in 1978, primarily resulting from timing differences between financial and tax accounting relating to depreciation and the tax effect of the provision for disposition and termination of operations. Refundable income taxes of $4,710,000 for 1978 included in other current assets, resulting from the carryback of that loss to prior years, were received during 1979.

Investment tax credits (accounted for by the flow-through method) aggregated $1,483,000 and $3,060,000 for 1979 and 1978, respectively.

A reconciliation of the statutory federal income tax rate and the effective tax rate follows:

	1979	1978
Statutory tax rate	46.0%	48.0%
Effect of:		
State and local taxes	2.2	1.1
Investment tax credit	(3.9)	(29.7)
Foreign tax credit	(1.2)	—
Foreign operations subject to varying income tax rates	3.0	23.9
Other — net	1.5	4.4
Effective tax rate	47.6%	47.7%

Note J — Business Segments

Thousands of dollars	Years ended December 31, 1979		1978		1977		1976 (Unaudited)		Years ended August 31, 1976		1975	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Coatings												
Manufactured products	$ 599,126		$ 554,789		$ 506,399		$483,768		$479,762		$434,101	
Non-manufactured products	266,754		281,027		251,273		213,369		202,435		163,401	
Coatings totals	865,880	$36,801	835,816	$19,862	757,672	$15,832	697,137	$22,892	682,197	$27,002	597,502	$18,435
Chemicals	102,132	7,567	84,020	6,427	82,380	969	73,206	1,709	71,047	3,275	69,301	5,728
Packaging Products	95,007	9,524	87,107	13,716	72,892	10,226	69,440	15,543	68,822	17,386	59,956	15,000
Specialty Products	50,385	1,316	46,498	3,658	41,713	1,864	38,503	3,978	37,584	3,394	33,370	2,376
International	82,739	5,884	78,909	2,386	81,332	568	86,898	2,604	88,582	3,514	78,616	3,731
Other	—	—	—	—	—	96	4,021	512	3,752	550	28,106	3,632
Segment totals	$1,196,343	61,092	$1,132,350	47,849	$1,035,989	29,555	$969,205	47,178	$961,984	56,121	$866,353	31,903
Provision for disposition and termination of operations						(16,434)						
Gain on sale of Ashtabula operations												12,725
Mexican peso devaluation								(3,252)		(3,252)		
Corporate expenses		(7,299)		(16,603)		(7,046)		(6,628)		(5,559)		(2,415)
Interest expense		(19,366)		(21,318)		(17,965)		(13,154)		(12,226)		(11,980)
Income (loss) before income taxes		$34,427		$ 9,928		$(11,890)		$24,144		$33,784		$50,233

Thousands of dollars	Identifiable Assets, Years ended December 31, 1979	1978	1977	1976 (Unaudited)	Capital Expenditures, Years ended December 31, 1979	1978	1977	1976 (Unaudited)	Depreciation, Years ended December 31, 1979	1978	1977	1976 (Unaudited)
Coatings	$367,771	$399,147	$395,082	$368,515	$3,472	$11,043	$19,353	$24,803	$11,302	$10,787	$10,025	$ 7,262
Chemicals	61,658	55,256	56,906	61,234	3,990	1,162	2,229	7,386	2,924	2,754	2,661	2,369
Packaging Products	77,951	72,403	68,133	83,284	2,097	2,896	7,272	9,048	2,821	2,317	2,025	1,693
Specialty Products	30,767	32,024	26,486	26,443	457	557	391	560	801	745	640	647
International	45,378	44,738	46,620	50,292	598	781	1,307	1,359	1,079	1,323	1,038	988
Other	—	—	709	4,899	—	—	—	42	—	—	—	86
Segment totals	583,525	603,568	594,001	574,667	10,614	16,239	30,552	43,007	18,627	17,926	16,389	13,045
Corporate	120,855	45,601	19,359	18,729	1,253	1,035	1,336	405	831	512	535	424
Consolidated totals	$704,380	$649,169	$613,360	$593,396	$11,867	$17,274	$31,888	$43,412	$19,458	$18,438	$16,924	$13,469

Descriptions of these industry segments appear on page 1 of this report.

The year ended December 31, 1976 includes eight months of operations which are also included in the fiscal year ended August 31, 1976.

The adoption of LIFO reduced 1979 operating income of the Chemicals and Packaging Products segments by approximately $2,861,000 and $3,340,000 respectively

During 1979, a review of expense allocations determined that certain allocated expenses were more properly classified as corporate expenses. There is no effect on consolidated income; however, the reclassification increased 1978 reportable segment income and corporate expenses by $6,233,000. It was not practical to reclassify the income of prior years.

The Canadian and International Coatings operations have been combined into the International segment and the information for years prior to 1979 reclassified to conform to this presentation.

Represented in the Other segment are The Osborn Manufacturing Company, The Osborn Manufacturing International Company and Schmitz und Ludwig GmbH.

The provision for disposition and termination of operations for the years 1979, 1978 and 1976 has been included in the operating income of the appropriate segments. It was not practical and would be misleading to reclassify the provision to segment operating income for 1977

Operating income is total revenue less operating costs and expenses, excluding interest expense and corporate expenses. Identifiable assets by segment include both assets directly identified with those operations and an allocable share of jointly used assets. Corporate assets consist primarily of cash, investments, headquarters property, plant and equipment and certain property under capital leases

Export sales, sales of foreign subsidiaries and sales to any individual customer were each less than 10% of consolidated sales to unaffiliated customers during all years presented. Operations attributable to the minority interest in the consolidated Canadian subsidiary and the equity in net income or loss of affiliated companies are not significant

Intersegment transfers, which are accounted for at values comparable to normal, unaffiliated customer sales, are set forth in the following table

Thousands of dollars	Intersegment Transfers, Years ended December 31, 1979	1978	1977	1976 (Unaudited)
Coatings	$ 3,534	$ 3,280	$ 3,417	$ 3,708
Packaging Products	38,568	35,413	29,922	32,018
Specialty Products	37,770	35,107	28,765	30,735
All other segments	1,196	819	1,205	932
Segment totals	$81,068	$74,619	$63,309	$67,393

Note K — Inflation Accounting and Replacement Cost Data (Unaudited)

As required by Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices", the company must provide supplemental information of the effects of changing prices on our financial statements. These disclosures are intended to illustrate (1) the effects of changes in the purchasing power of the dollar; and (2) the effects of changes in specific prices of company resources. Because no consensus exists as to the measurement of inflation, this experiment requires both effects to be disclosed. We have elected to postpone disclosure of the effect of changes in specific prices, as permitted by the Statement, until 1980, due to the complexity of the calculations. It is essential that users of financial statements understand the inherent limitations of the inflation-adjusted data and adjust their assessment of the data accordingly.

Constant Dollars

The constant dollar data represents the historical amounts of certain revenues and expenses stated in dollars of the same purchasing power. Under this measurement method, historical amounts of depreciation expense, cost of goods sold and the related assets are adjusted to reflect the increase in the consumer price index (CPI) since the acquisition date of the related assets. Data provided in the five-year summary has also been restated to dollars of average 1979 purchasing power.

The FASB rule governing the presentation of this information prohibits adjusting the income tax expense for the decrease in income determined under the constant dollar computation, presumably because the increases in costs are not deductible for income tax purposes. As a result, the effective tax rate for 1979 rises from 47.6 percent on a historical cost basis to 1,460 percent on a constant dollar basis.

Purchasing Power Gain

A separate disclosure, gain from decline in purchasing power of net amounts owed, is also presented. During periods of inflation, liabilities payable in a fixed dollar amount (monetary liabilities) will be repaid in dollars having less purchasing power than when borrowed or incurred. This gain in purchasing power has been calculated based on the company's net monetary liabilities during the year, adjusted for the change in the CPI for the year. Although this amount does not represent actual funds available for distribution to stockholders, it can be considered to represent the benefit the company received in terms of purchasing power by maintaining the net liability position.

Management does not use this information to assess the effect of inflation on the financial position or net profits of the company and makes no representation that the inflation-adjusted information set forth is useful.

Supplemental Statement of Consolidated Operations Adjusted for General Inflation (Unaudited)

For the year ended December 31, 1979

(In average 1979 dollars)

Thousands of dollars, except per share		
Net income before taxes, as reported in the income statement		$34,427
Adjustments to restate costs for the effects of general inflation		
Cost of products sold	29,829	
Selling, general and administrative expenses	3,475	33,304
Net income before taxes adjusted for general inflation		1,123
Income tax expense as reported		(16,399)
Net income (loss) adjusted for general inflation		$(15,276)
Net income (loss) adjusted for general inflation, per common share		($3.09)
Effective tax rate		1,460%
Gain from decline in purchasing power of net amounts owed		$ 21,427
Net assets at year-end adjusted for general inflation		$390,410
Common shareholders' equity adjusted for general inflation, per common share		$ 75.11
Increase in common shareholders' equity after adjustment for general inflation, per common share		$ 23.55

Total depreciation and amortization expense adjusted for general inflation amounted to $29,248,000 in 1979. This depreciation and amortization expense has been allocated between cost of products sold and selling, general and administrative expenses, consistent with the presentation in the primary financial statements.

Cost of products sold has been adjusted for changes in inventory costs in addition to depreciation and amortization expense. Selling, general and administrative expenses have been adjusted only for depreciation expense.

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Five-Year Comparison of Selected Supplementary Financial Data Adjusted for the Effects of General Inflation (Unaudited)

Thousands of dollars, except per share	Years ended December 31,				Years ended August 31,	
	1979	1978	1977	1976	1976	1975
			(In average 1979 dollars)			
Net sales	$1,196,343	$1,259,841	$1,240,903	$1,235,808	$1,234,117	$1,197,292
Cash dividends per common share	.15	—	2.63	2.80	2.85	3.04
Market price per common share at year-end	25.18	21.43	32.27	51.13	50.27	51.07
Average consumer price index	217.4	195.4	181.5	170.5	167.7	157.4

The year ended December 31, 1976 includes eight months of operations which were also included in the fiscal year ended August 31, 1976.

The company's annual report on Form 10-K contains specific information with respect to December 31, 1979 and 1978 replacement cost of inventories and productive capacity, and the approximate effect which replacement cost would have had on the computation of cost of products sold and depreciation expense for the years then ended. The impact of inflation on raw materials and other costs will result in the replacement cost of inventories and costs of products sold being somewhat greater than that reported for financial statement purposes. Replacement of existing plant and equipment has been affected by the cumulative impact of inflation over the years. However, such inflationary increases have been partially offset by technological improvements and operating efficiencies, which often result in increased productivity and reduced production costs.

Note L — Disposition and Termination of Operations

In 1979 the company provided $3,703,000 ($1,766,000 after tax or $.33 per common share) for costs related to the closing of certain plants and additional expenses for anticipated costs associated with previous provisions. This provision reduced inventory and property, plant and equipment to their net realizable values, while other related costs increased current liabilities. Approximately $2,540,000 of the provision is included in cost of products sold; $287,000 in selling, general and administrative expenses; and $876,000 in costs and expenses, other — net. Net costs incurred during 1979 totalled $1,770,000. An accrual of $6,113,000 for the disposition of operations remains as of December 31, 1979.

During 1978 a provision of $1,581,000 for the closing of approximately 100 company-owned stores was offset by a $2,839,000 adjustment to the 1977 provision for the disposition of portions of the Coatings, Chemicals and International segments. The net effect of this credit and the provision for store closings increased 1978 earnings by $1,258,000 ($513,000 after tax, or $.09 per common share), and is included in costs and expenses, other-net. Costs incurred during 1978 totalled $9,151,000. At December 31, 1978 the remaining estimated liability amounted to $4,180,000.

The company expects to complete the closing and sale of the facilities at various dates through 1981.

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Equitable Life Assurance Society of the United States
Keith S. Benson
Executive Vice President, Administration & Finance
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Christopher Lawlor
Vice President, International Group
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Corporate Secretary
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Joseph P. Maladra
President & General Manager, Container Division
Leonard A. Ward
President & General Manager, Automotive Aftermarket Division
Mary G. Brodie
Vice President & Technical Director, Coatings Group

Subsidiaries

Brazil — Sherwin-Williams do Brasil Industria e Comercio Ltda., São Paulo*
Canada — The Sherwin-Williams Company of Canada Limited, Montreal
— Rubberset Company (Canada) Limited, Gravenhurst, Ontario
Jamaica — Sherwin-Williams (West Indies) Limited, Kingston
Mexico — Compañia Sherwin-Williams, S.A. de C.V., Mexico City
*Unconsolidated

Joint Ventures

Ireland — FSW Coatings Limited, Dublin
Japan — Nippon Sherwin-Williams Chemicals Co., Ltd., Osaka
Panama — Sherwin-Williams de Panamá, S.A., Panama City

Licensees

Argentina — Sherwin-Williams Argentina Industrial y Comercial, S.A.
Australia — Taubmans Proprietary Limited
Bolivia — Fábrica Nacional de Pinturas "Espintbol," S.A.
Chile — Pinturas Andina, S.A.
Colombia — Fábrica Nacional de Pinturas Sherwin-Williams de Colombia, S.A.
Costa Rica — Sherwin-Williams de Costa Rica, S.A.
Denmark, Norway — Sadolin & Holmblad A/S
Dominican Republic — Acabados Automotriz
Ecuador — Sherwin-Williams del Ecuador Fábrica Nacional de Pinturas, S.A.
El Salvador — Sherwin-Williams de Centro America, S.A.
Finland — O. Y. Sadolin, A.B.
France — Astral, S.A.
— Corsain, S.A.
Haiti — Peintures Idéales, S.A.
Hong Kong — China Paint Mfg. Co., Ltd.
Indonesia — P.T. Unimas Chemicals & Coatings, Ltd.
Italy — Vercolac, SPA
Japan — Nippon Paint Company, Ltd.
Netherlands — Sikkens Groep, N.V.
New Zealand — Taubmans International (N.Z.), Ltd.
Peru — Sherwin-Williams Peruana, S.A.
Philippines — Sherwin-Williams Philippines, Inc.
South Africa — Advance Coatings PTY, Ltd.
Spain — Industrias Quimicas Procolor, S.A.
Switzerland — Kurt Vogelsang, A.G.
United Kingdom — Donald Macpherson Group, Ltd.
Venezuela — C.A. Quimica Integrada
— C.A. Venezolana de Pigmentos
— C.A. Venezolana de Pinturas
West Germany — Deutsche Akzo Coatings

Plants

Domestic

Anaheim, California
Bedford Heights, Ohio
Chicago, Illinois (6)
Cincinnati, Ohio
Cleveland, Ohio
Coffeyville, Kansas
Crisfield, Maryland
Deshler, Ohio
Elgin, Illinois
Fulton, Kentucky
Garland, Texas
Greensboro, North Carolina
Hubbard, Ohio
Morrow, Georgia
Newark, New Jersey
North Olmsted, Ohio
Oakland, California
Richmond, Kentucky
San Leandro, California

Foreign

Gravenhurst, Canada
Kingston, Jamaica
Mexico City, Mexico
Montreal, Canada
Panama City, Panama
São Paulo, Brazil
Virginia, Ireland

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