THE SHERWIN-WILLIAMS COMPANY

1967 REPORT TO SHAREHOLDERS

CONTENTS

Annual Meeting – December 12, 1967

The Annual Meeting of Shareholders will be held at 11 A.M. December 12, 1967, at the Sheraton-Cleveland Hotel, Public Square, Cleveland, Ohio. On or about November 10, 1967, proxy statements and proxy cards will be sent to shareholders entitled to vote at the meeting.

TRANSFER AGENTS THE CLEVELAND TRUST COMPANY, Cleveland, Ohio
BANKERS TRUST COMPANY, New York, N.Y.

REGISTRARS CENTRAL NATIONAL BANK OF CLEVELAND, Cleveland, Ohio
MORGAN GUARANTY TRUST COMPANY OF NEW YORK, New York, N.Y.

FINANCIAL HIGHLIGHTS

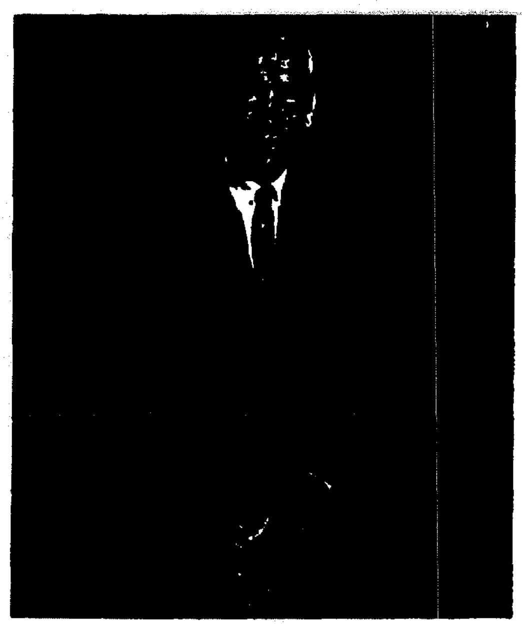
	August 31	
	1967	*1966*
Net sales	$401,714,376	$386,062,160
Income before income taxes	34,142,971	38,757,790
Income taxes—United States and foreign	16,091,621	17,854,085
Net income	18,051,350	20,903,705
Cash dividends declared:		
Preferred	278,057	—0—
Common	10,585,957	9,860,431
Per Common Share:		
Net income	3.35	3.96
Dividends paid	2.00	1.90
Working capital	137,575,300	123,374,147
Ratio of current assets to current liabilities	4.77 to 1	4.57 to 1
Capital expenditures	25,779,632	11,506,661
Provisions for depreciation	5,919,899	4,916,575

TO OUR SHAREHOLDERS

We present herewith the Consolidated Balance Sheet and the Consolidated Income and Earned Surplus Statements of The Sherwin-Williams Company and consolidated subsidiaries for the fiscal year ended August 31, 1967, together with other financial statistics of interest.

The consolidated net earnings amounted to $18,051,350 as compared with $20,903,705 for 1966. This is a decline of 13.6%. After preferred dividends, this is equivalent to $3.35 per common share as compared with $3.96 last year.

Consolidated net sales amounted to $401,714,376, an increase over the prior year of 4%. As pointed out in previous releases, sales were hampered by a general slowdown in economic activity, continued sluggishness in the housing industry, inventory adjustments and extremely poor painting weather which began in early spring and continued through the summer.



E. Colin Baldwin
President

0007-SWP-034973

The loss of sales in our Pigments, Colors & Chemicals Division deprived us of direct profits and in addition had an adverse effect on the factories which produce these products for both internal use and for sales to customers. We expect a healthy improvement in this sector of our business in fiscal 1968.

Operations in the paint end of our business held up remarkably well in the face of the negative factors referred to previously. In fact both sales and earnings slightly exceeded the prior year.

Rising costs were also a significant factor in our earnings picture. These were quite widespread but centered principally around higher freight rates, raw material advances, rising wage and salary rates, start-up costs and increased depreciation and interest expense.

Our major problem has been the difficulty of absorbing these higher costs in an economic atmosphere where sales gains were modest at best. Where necessary and expedient, steps have been taken to improve gross margins so as to lessen our dependence on unit sales increases alone.

Our large program for expanding and improving our facilities is well under way, but slightly behind schedule because of delayed deliveries and the relative scarcity of skilled labor. As a result, our capital expenditures totalled $25,779,632 in contrast to an expected figure of approximately $30,000,000. Depreciation in 1967 amounted to $5,919,899.

This highly desirable—in fact essential—program is expected to continue through fiscal 1969 with expenditures in the range of $25,000,000 to $30,000,000 in both 1968 and 1969. Thereafter, capital expenditures are expected to drop to a more normal figure.

This program will make virtually all of our plants as modern and efficient as though they were newly constructed. Moreover, it is essential to meet the larger demands which the future unquestionably holds and to maintain our position of leadership in quality of products and our capacity to bring new products to the market place.

Ever increasing amounts have been and are being provided for research, development and quality control. Costs of this insurance for the future were in excess of $11,000,000 in fiscal 1967.

With such a large percentage of our profits coming in the last six months of our fiscal year, it is difficult to predict the probable results in fiscal 1968 at this time. However, the outlook at present gives us strong reason to feel that many of the negative factors of the past year will either disappear or be alleviated greatly. As a consequence, we are assuming a more favorable economic climate in which sales can rise significantly and result in a much more acceptable level of profit margins.

It is with a feeling of deep regret that we report the passing of two of our esteemed directors during the year. Mr. George Gund, Chairman of the Board of The Cleveland Trust Company and a long-time member of our Board, passed away in the late fall of 1966. Mr. Wade N. Harris, Chairman of the Board of Midland-Ross Corporation, passed away in August of this year. We are grateful for the exceptional guidance and assistance these Directors gave to those of us responsible for the day-to-day management of the business.

Mr. Robert H. Hill, Vice President and Director of Sales, was elected to fill the unexpired term of Mr. Gund. Mr. William C. Fine, Assistant Vice President—Finance, was elected at the Board of Directors' meeting on October 19, 1967 to fill the unexpired term of Mr. Harris.

After a long career of outstanding service to our Company, Mr. Arthur W. Steudel retired as Chairman of our Board and as an active employee on December 31, 1966. Fortunately his wise counsel is still available to the Company as Mr. Steudel has been retained on a consulting basis and continues as an active member of our Board of which he is now Honorary Chairman. Space does not permit a recitation of Mr. Steudel's enormous contribution to the growth and profitability of our Company. Suffice it to say that all who have served under his inspiring leadership consider it a most valuable and unforgettable experience.

The problems of the past year have served to highlight the dedicated effort and loyalty of our entire organization. The Board of Directors and the management wish to express their grateful appreciation for this splendid support.

E. C. Baldwin

President

Cleveland, Ohio
October 19, 1967

STATEMENTS OF CONSOLIDATED INCOME AND EARNED SURPLUS

THE SHERWIN-WILLIAMS COMPANY
And Consolidated Subsidiaries

Year Ended August 31

Income	*1967*	*1966*
Net sales	$401,714,376	$386,062,160
Dividends, interest, and miscellaneous	1,504,750	1,718,765
	$403,219,126	$387,780,925
Deductions from income:		
Cost of products sold	$245,647,333	$234,188,706
Selling, general, and administrative expenses	118,378,594	110,848,140
Pensions	3,119,119	3,055,473
Interest	1,488,054	474,498
Miscellaneous	443,055	456,318
	$369,076,155	$349,023,135
INCOME BEFORE INCOME TAXES	$ 34,142,971	$ 38,757,790
Income taxes:		
United States:		
Payable currently	$ 14,050,000	$ 15,950,000
Deferred	1,045,000	977,000
Foreign	996,621	927,085
	$ 16,091,621	$ 17,854,085
NET INCOME	$ 18,051,350	$ 20,903,705
Provisions for depreciation included in cost and expenses amounted to $5,919,899 in 1967 and $4,916,575 in 1966		
Earned Surplus		
Balance at beginning of year	$151,996,944	$144,078,344
Earned surplus of merged businesses	—0—	2,345,082
Net income for the year	18,051,350	20,903,705
	$170,048,294	$167,327,131
Deductions:		
Cash dividends declared:		
Preferred	$ 278,057	$ —0—
Common—$2.00 a share in 1967 and $1.90 a share in 1966	10,585,957	9,860,431
Excess of cost over par value of preferred shares redeemed	—0—	452,826
Net transfer to capital stock accounts in connection with mergers	—0—	5,016,930
	$ 10,864,014	$ 15,330,187
Balance at end of year	$159,184,280	$151,996,944

See notes to financial statements on page 8.

CONSOLIDATED BALANCE SHEETS

Assets	1967	1966
Current Assets		
Cash	$ 10,498,790	$ 12,998,576
Short-term investments—at cost	6,975,462	—0—
Trade accounts receivable, less allowances of $612,000 in 1967 and $665,000 in 1966	45,659,685	43,621,172
Inventories—at lower of cost (average or first-in, first-out method) or market:		
Finished merchandise	$ 78,846,538	$ 71,420,354
Work in process, raw materials, and supplies	32,082,809	29,922,041
	$110,929,347	$101,342,395
TOTAL CURRENT ASSETS	$174,063,284	$157,962,143
Investment and Other Assets		
Common shares of The Sherwin-Williams Company of Canada, Limited—at cost—Note A	$ 4,182,766	$ 4,182,766
Receivables, advances, and miscellaneous other assets	1,796,049	1,885,497
	$ 5,978,815	$ 6,068,263
Property, Plant, and Equipment — on the basis of cost		
Land	$ 3,587,323	$ 3,070,236
Buildings	43,517,232	35,282,740
Machinery and equipment	98,952,911	84,007,458
Less allowances for depreciation	61,708,628	57,131,829
	$ 84,348,838	$ 65,228,605
Short-term investments allocated for plant and equipment additions	25,000,000	—0—
	$109,348,838	$ 65,228,605
Deferred Charges		
Advertising stock and supplies	$ 2,125,006	$ 2,092,522
Prepaid insurance and other items	2,305,487	1,939,704
	$ 4,430,493	$ 4,032,226
	$293,821,430	$233,291,237

August 31

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Liabilities, Capital Stock, and Surplus	August 31 1967	August 31 1966
Current Liabilities		
Trade accounts payable	$ 10,248,441	$ 9,009,327
Payrolls, compensation, and other accruals	16,003,569	14,339,902
Dividend payable on Preferred Stock	74,948	—0—
Taxes, other than income taxes	2,196,696	2,005,133
Income taxes	7,964,330	9,233,634
TOTAL CURRENT LIABILITIES	$ 36,487,984	$ 34,587,996
Long-Term Debt		
5.45% Debentures due in 1992 with annual payments of $2,000,000 commencing in 1973	50,000,000	—0—
Reserves		
For deferred United States income taxes	$ 5,623,100	$ 4,578,100
For pensions and other items	1,690,043	1,623,466
	$ 7,313,143	$ 6,201,566
Capital Stock and Surplus		
Capital stock—Notes B and C:		
Serial Preferred — authorized 500,000 shares, without par value:		
$4.00 Cumulative Convertible Preferred, Series A:		
Outstanding—74,948 shares	$ 7,494,800	$ 7,494,800
Common — authorized 7,500,000 shares, par value $6.25 per share:		
Outstanding — 5,303,752 shares in 1967 and 5,281,589 shares in 1966	33,148,450	33,009,931
Capital surplus — Note D	192,773	—0—
Earned surplus	159,184,280	151,996,944
	$200,020,303	$192,501,675
	$293,821,430	$233,291,237

See notes to financial statements on page 8.

Note A—The Sherwin-Williams Company of Canada, Limited:

The Company's equity in the consolidated net assets of the Canadian subsidiary amounted to $7,172,894 at August 31, 1967, which includes undistributed earnings since acquisition of $4,468,639. For the year ended August 31, 1967, the Company's equity in undistributed earnings of this subsidiary amounted to $97,063.

Note B—Capital Stock:

The Company may redeem the $4.00 Cumulative Convertible Preferred Stock, Series A, commencing in 1972, at $104 a share and at a declining amount each year to $100 a share in 1980 and thereafter. Such preferred shares are convertible, at the option of the holder, into common shares at a base conversion price of $60 per share of common, and 125,000 unissued common shares have been reserved for such conversion. The holders of the preferred shares are entitled to one vote for each share of such stock.

Note C—Stock Options:

At August 31, 1967, there were 160,810 common shares reserved for issuance to officers and key employees under a stock option plan. Options are granted at prices not less than the fair market value of the shares at date of grant. In general, the options are exercisable to the extent of one-half or one-fifth of the optioned shares for each full year of employment following the date of grant, and expire five or ten years after date of grant.

A summary of the option transactions during the year follows:

	Shares	Option Prices Per Share	Option Prices Total	Market Prices
At beginning of year:				
Options outstanding	117,253	$40.25 to $49.50	$5,323,663	
Reserved for future options .	51,120			
Changes during the year:				
Options becoming exercisable	44,870	40.25 to 49.50	2,077,642	$1,964,268
Options exercised	7,563	40.25 or 45.625	306,292	393,599
Options canceled	3,800	40.25	152,950	
At end of year:				
Options outstanding	105,890	40.25 to 49.50	4,864,421	
Reserved for future options .	54,920			

Note D—Capital Surplus:

Capital surplus at August 31, 1967, consists principally of the excess of proceeds over par value of common shares issued under the stock option plan.

Note E—Leases:

Branches, offices and certain warehouses and plants are leased for various periods. The rental expense of leased premises for the year ended August 31, 1967, aggregated approximately $11,300,000. Approximately 85% of these rentals relates to leases expiring in five years or less.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

The Sherwin-Williams Company
And Consolidated Subsidiaries

Year Ended August 31

	1967	1966
Source of Funds		
From operations:		
Net income	$18,051,350	$20,903,705
Provisions for depreciation	5,919,899	4,916,575
Provisions for deferred United States income taxes	1,045,000	977,000
	$25,016,249	$26,797,280
Proceeds from the sale of debentures	50,000,000	—0—
Proceeds from sale of Common Stock issued under stock option plan	306,292	397,334
Working capital provided by merged businesses	—0—	1,027,963
	$75,322,541	$28,222,577
Application of Funds		
Cash dividends declared	$10,864,014	$ 9,860,431
Additions to property, plant, and equipment, net of retirements	25,040,132	10,798,572
Short-term investments allocated for plant and equipment additions	25,000,000	—0—
Cost of Preferred Stock retired	—0—	8,139,926
Other—net	217,242	155,230
Added to (reduction in) working capital	14,201,153	(731,582)
	$75,322,541	$28,222,577

ACCOUNTANTS' REPORT

Board of Directors
The Sherwin-Williams Company
Cleveland, Ohio

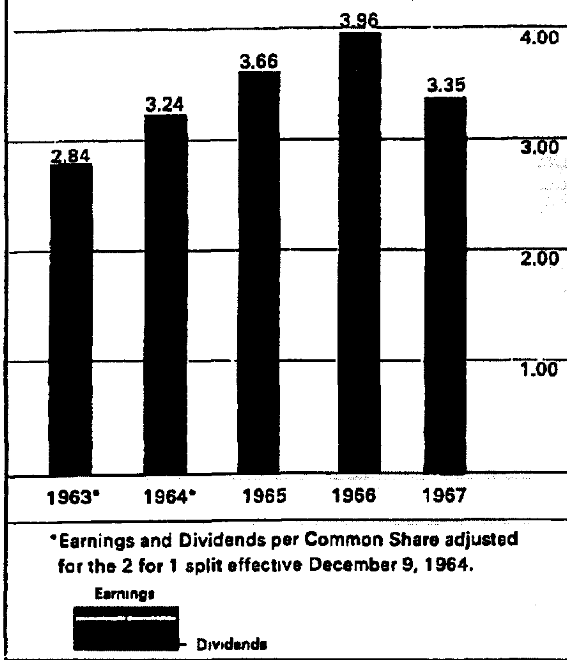
We have examined the consolidated financial statements of The Sherwin-Williams Company and consolidated subsidiaries for the year ended August 31, 1967. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and earned surplus and source and application of funds present fairly the consolidated financial position of The Sherwin-Williams Company and consolidated subsidiaries at August 31, 1967, and the consolidated results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Cleveland, Ohio
October 13, 1967

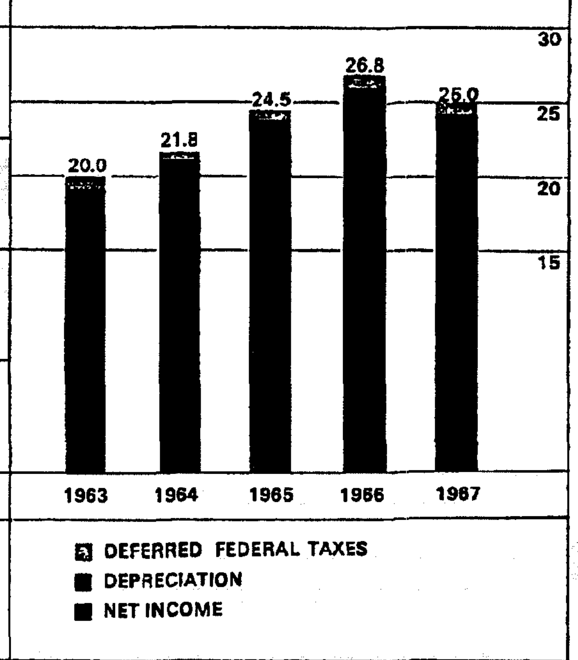
Ernst & Ernst

EARNINGS AND DIVIDENDS PER COMMON SHARE

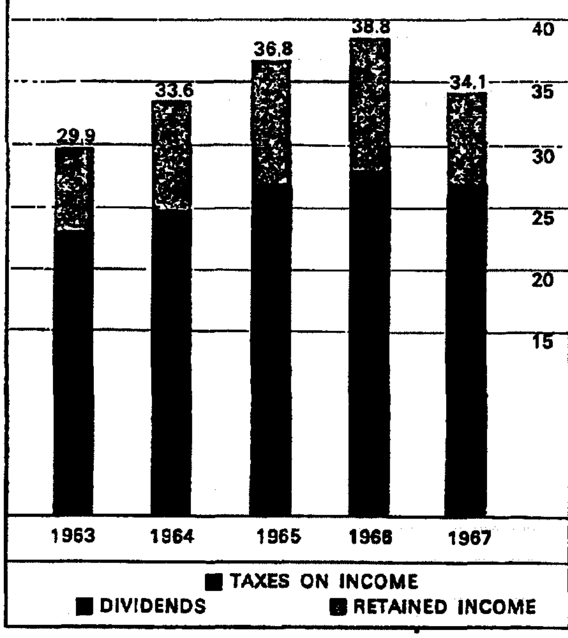


*Earnings and Dividends per Common Share adjusted for the 2 for 1 split effective December 9, 1964.

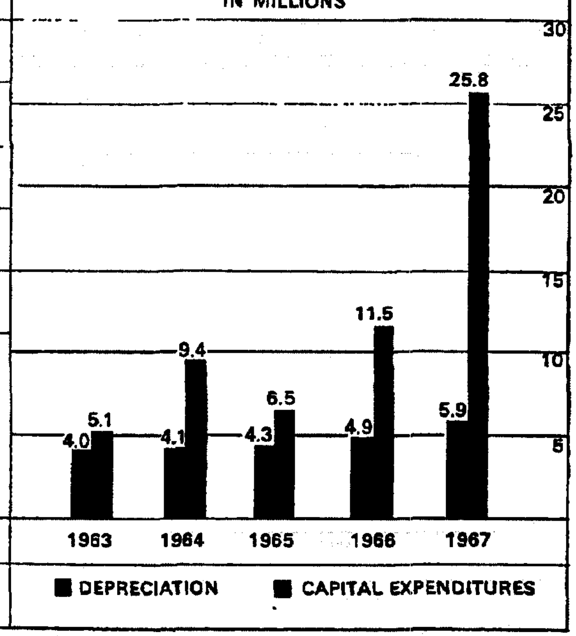
CASH FLOW IN MILLIONS



DISPOSITION OF PRE-TAX INCOME IN MILLIONS



CAPITAL EXPENDITURES AND DEPRECIATION IN MILLIONS



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DISTRIBUTION OF TOTAL REVENUE
YEAR ENDED AUGUST 31, 1967

A. 57.35% Materials, services and other costs of doing business

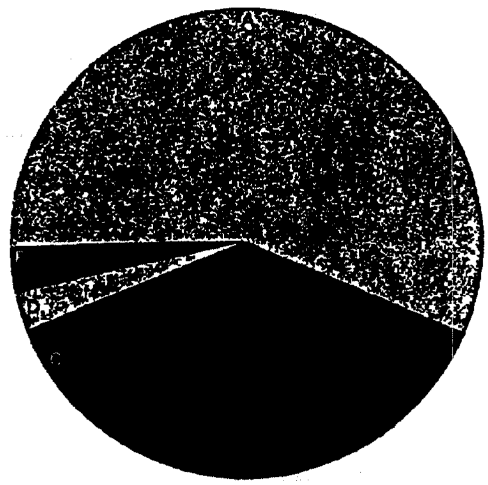
B. 31.56% Wages, salaries and employee benefits

C. 5.14% Taxes (other than payroll taxes)

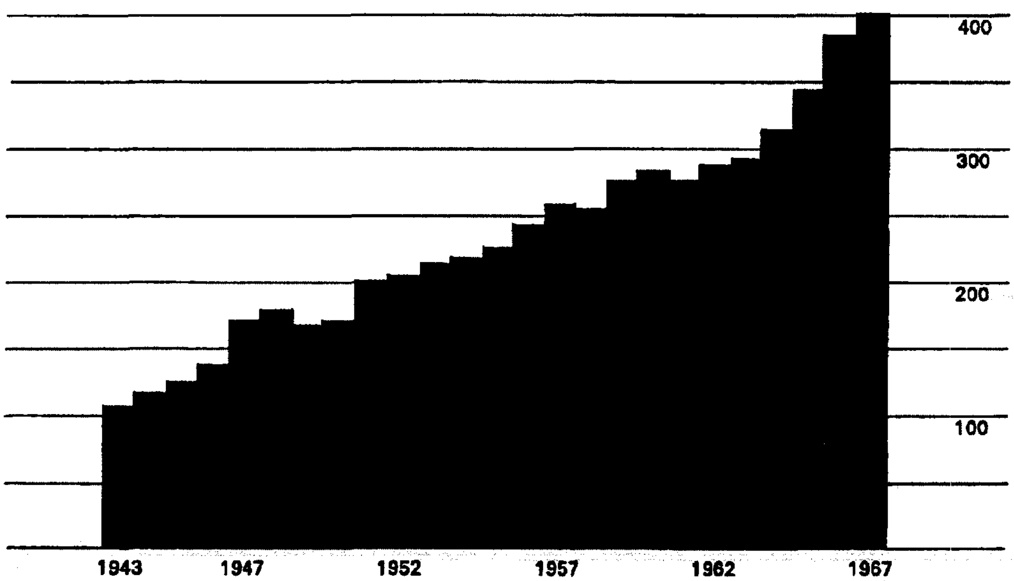
D. 2.70% Dividends to shareholders

E. 1.78% Retained in business

F. 1.47% Depreciation



CONSOLIDATED NET SALES IN MILLIONS



FIVE-YEAR COMPARISON

Year Ended August 31	1967
Net sales	$401,714,376
Income before income taxes	34,142,971
Income taxes—United States and foreign	16,091,621
Net income	18,051,350
Earnings per share of Common Stock	3.35
Earnings as percent of sales	4.49%
Return on invested capital—Common Stock (2)	9.62%
Cash dividends declared:	
Preferred	$ 278,057
Common	10,585,957
Cash dividends per share:	
Preferred	3.71
Common	2.00
Number of shareholders:	
Preferred	93
Common	8,094
Preferred and common shareholders' equity	$200,020,303
Common shareholders' equity	192,225,711
Per share	36.24
Capital expenditures	25,779,632
Provisions for depreciation	5,919,899
Working capital (current assets less current liabilities)	137,575,300
Ratio of current assets to current liabilities	4.77 to 1
Total assets	$293,821,430
Number of employees	17,931

(1) Adjusted for 2 for 1 stock split effective December 9, 1964
(2) Based on common shareholders' equity at beginning of year

1966	1965	1964	1963
$386,062,160	$344,783,077	$313,518,226	$291,838,896
38,757,790	36,759,449	33,619,817	29,885,814
17,854,085	17,494,519	16,552,763	14,863,074
20,903,705	19,264,930	17,067,054	15,022,740
3.96	3.66	3.24 (1)	2.84 (1)
5.42%	5.59%	5.44%	5.15%
11.76%	11.31%	10.57%	9.68%
$ —0—	$ 379,129	$ 406,401	$ 436,796
9,860,431	8,754,195	7,708,292	7,701,996
—0—	4.00	4.00	4.00
1.90	1.70 (1)	1.50 (1)	1.50 (1)
96	251	255	276
7,583	7,435	6,577	6,286
$192,501,675	$185,828,018	$177,438,282	$168,882,728
184,707,083	177,756,563	167,031,732	157,631,243
34.97	34.47	32.47 (1)	30.70 (1)
11,506,661	6,527,549	9,395,018	5,125,063
4,916,575	4,322,747	4,082,493	3,964,817
123,374,147	124,105,729	116,386,560	112,026,735
4.57 to 1	4.81 to 1	4.94 to 1	4.87 to 1
$233,291,237	$223,401,726	$210,958,283	$201,210,419
17,510	16,195	15,497	15,115

0007-SWP-034984

THE SHERWIN-WILLIAMS COMPANY

Founded in 1866

EXECUTIVE OFFICES

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

Directors

E. Colin Baldwin
President and Chief Executive Officer

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

Keith S. Benson
President
Pickands Mather & Co.

Richard G. Bull
Vice President

Sollace B. Coolidge, Jr.
Vice President

Cyrus S. Eaton
Chairman of the Board
The Chesapeake and Ohio Railway Company

William C. Fine
Assistant Vice President—Finance

Robert F. Hennig
Vice President

Robert H. Hill
Vice President

Henry D. Lester
Vice President—Finance

John S. Prescott
Executive Vice President

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

Arthur W. Steudel
Honorary Chairman and Consultant

Charles M. White
Formerly Chairman and Consultant
Republic Steel Corporation

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

Officers

E. Colin Baldwin
President and Chief Executive Officer

Richard G. Bull
Vice President and Corporate Director of Marketing

Sollace B. Coolidge, Jr.
Vice President and Director of Auxiliaries

Robert F. Hennig
Vice President and Director of Purchases

Robert H. Hill
Vice President and Director of Sales

Henry D. Lester
Vice President—Finance

Sidney Ling
Vice President—International Operations

John S. Prescott
Executive Vice President and Corporate Director of Manufacturing

William C. Fine
Assistant Vice President—Finance

Virgil A. Hollis
Secretary

James F. Cole
Treasurer

Alan D. Childs
Assistant Secretary and General Counsel

0007-SWP-034985

PRINCIPAL PRODUCTS

Paints • Enamels • Varnishes • Lacquers • Stains • Zinc Pigments • Dry Colors
Lithopone • Organic Chemicals • Coal Tar and Petroleum Intermediates
Barium Chemicals • Linseed Oil • Metal Containers • Aerosol Specialties
Insecticides • Brushes • Rollers and Other Painting Accessories

DOMESTIC PLANTS

Anaheim, California
Ashtabula, Ohio
Bedford Heights, Ohio
Bound Brook, New Jersey
Chicago, Illinois (two)
Cleveland, Ohio (two)
Coffeyville, Kansas
Crisfield, Maryland
Dayton, Ohio
Deshler, Ohio
Detroit, Michigan
Elgin, Illinois

Friendship, North Carolina
Garland, Texas
Gibbsboro, New Jersey
Hubbard, Ohio
Los Angeles, California
Morrow, Georgia
Newark, New Jersey
Oakland, California
Pittsburgh, Pennsylvania
San Leandro, California
St. Bernard, Ohio

FOREIGN PLANTS

Bayamon, Puerto Rico
Gravenhurst, Canada
Mexico City, Mexico
Montreal, Canada (two)

Sao Paulo, Brazil
Toronto, Canada
Vancouver, Canada
Winnipeg, Canada

RESEARCH CENTER

Chicago, Illinois

PRINTING DIVISION

North Olmsted, Ohio

CONSOLIDATED SUBSIDIARIES AND DIVISIONS

ACME QUALITY PAINTS, INC.	*Detroit, Michigan*
ROGERS PAINT PRODUCTS, INC.	*Detroit, Michigan*
THE CARL GRAHAM PAINT & WALLPAPER COMPANY	*Wichita, Kansas*
COMPANIA SHERWIN-WILLIAMS, S.A. DE C.V.	*Mexico City, Mexico*
DESHLER PRODUCTS, INC.	*Deshler, Ohio*
W.W. LAWRENCE & COMPANY	*Pittsburgh, Pennsylvania*
THE LOWE BROTHERS COMPANY	*Dayton, Ohio*
JOHN LUCAS & COMPANY, INCORPORATED	*Philadelphia, Pennsylvania*
THE MARTIN-SENOUR COMPANY	*Chicago, Illinois*
MAUMEE CHEMICAL COMPANY	*Toledo, Ohio*
RUBBERSET COMPANY	*Crisfield, Maryland*
RUBBERSET COMPANY (CANADA) LIMITED	*Gravenhurst, Canada*
SHERWIN-WILLIAMS (EUROPE) SOCIETE ANONYME	*Antwerp, Belgium*
THE SHERWIN-WILLIAMS CO. OF PUERTO RICO, INC.	*San Juan, Puerto Rico*
THE SHERWIN-WILLIAMS CO. (WEST INDIES) LTD.	*Kingston, Jamaica*
SPRAYON PRODUCTS, INC.	*Bedford Heights, Ohio*

UNCONSOLIDATED SUBSIDIARIES

SHERWIN-WILLIAMS DO BRASIL S/A TINTAS E VERNIZES	*Sao Paulo, Brazil*
THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED	*Montreal, Canada*
THE CANADA PAINT COMPANY LIMITED	*Montreal, Canada*
THE E. HARRIS COMPANY LIMITED	*Toronto, Canada*
THE LOWE BROTHERS COMPANY, LIMITED	*Toronto, Canada*
THE MARTIN-SENOUR COMPANY LIMITED	*Montreal, Canada*
THE WINNIPEG PAINT & GLASS COMPANY, LIMITED	*Winnipeg, Canada*
THE CARTER WHITE LEAD COMPANY OF CANADA LIMITED (50% OWNED—UNCONSOLIDATED)	*Montreal, Canada*

LICENSEES

SHERWIN-WILLIAMS ARGENTINA, INDUSTRIAL Y COMERCIAL, S.A.

SHERWIN-WILLIAMS DE COLOMBIA, S.A.

SHERWIN-WILLIAMS, PHILIPPINES, INC.

SHERWIN-WILLIAMS DEL ECUADOR, S.A.

SHERWIN-WILLIAMS DE CENTRO AMERICA, S.A.

SHERWIN-WILLIAMS PERUANA, S.A.

SHERWIN-WILLIAMS ESPANOLA, S.A.

SHERWIN-WILLIAMS VENEZOLANA, C.A.

0007-SWP-034987

STATEMENTS OF CONSOLIDATED INCOME AND EARNED SURPLUS

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

Year Ended August 31

Income	1967	1966
Net sales	$39,040,978	$37,368,092
Dividends received	100,000	50,000
	$39,140,978	$37,418,092
Deductions from income:		
Cost of products sold	$25,081,358	$24,179,728
Selling, general, and administrative expenses	11,796,650	11,428,493
Company and government pension cost	542,374	504,835
Interest expense	314,268	285,830
Directors' remuneration	83,133	76,092
	$37,817,783	$36,474,978
INCOME BEFORE INCOME TAXES	$ 1,323,195	$ 943,114
Income taxes	616,000	232,250
NET INCOME	$ 707,195	$ 710,864
Provisions for depreciation included above amount to	$ 429,368	$ 378,890
Earned Surplus		
Balance at beginning of year	$10,099,928	$10,035,760
Net income for the year	707,195	710,864
	$10,807,123	$10,746,624
Cash dividends declared:		
Preferred $7.00 per share	$ 242,200	$ 242,200
Common $1.35 per share (1966—$1.80)	303,372	404,496
	$ 545,572	$ 646,696
Balance at end of year	$10,261,551	$10,099,928

0007-SWP-034988

[redacted]

CONSOLIDATED BALANCE SHEETS

Assets	August 31 1967	1966
Current Assets		
Cash	$ 54,425	$ 52,200
Trade accounts receivable less allowances for doubtful accounts of $156,000 in 1967 and $142,700 in 1966 . . .	7,486,860	7,518,888
Inventories—principally at the lower of cost (average or first-in, first-out method) or market:		
Finished merchandise	7,778,846	7,135,842
Work in process, raw materials and supplies	2,728,830	2,399,300
	$10,507,676	$ 9,535,142
Recoverable income taxes	69,310	296,905
TOTAL CURRENT ASSETS	$18,118,271	$17,403,135
Investment and Other Assets		
Common shares of The Carter White Lead Company of Canada Limited (50% owned)—at cost	$ 200,000	$ 200,000
Miscellaneous receivables and advances	86,031	58,896
	$ 286,031	$ 258,896
Property, Plant, and Equipment — on the basis of cost		
Land	$ 607,442	$ 607,442
Buildings	5,606,767	5,608,777
Machinery and equipment	7,801,614	7,685,494
Less allowances for depreciation	9,184,549	8,982,477
	$ 4,831,274	$ 4,919,236
Deferred Charges		
Advertising stock and supplies	$ 281,213	$ 188,299
Prepaid insurance and other items	192,364	135,880
	$ 473,577	$ 324,179
	$23,709,153	$22,905,446

ACCOUNTANTS' REPORT

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

We have examined the consolidated financial statement of The Sherwin-Williams Company of Canada, Limited and its subsidiaries for the year ended August 31, 1967, comprising the consolidated balance sheet as at that date and the statements of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(continued on next page)

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

Liabilities, Capital Stock, and Surplus	August 31 1967	1966
Current Liabilities		
Owing to bank	$ 1,555,279	$ 1,849,015
Trade accounts payable	4,333,529	3,505,598
Payrolls, compensation, and other accruals	757,939	807,104
Taxes, other than income taxes	423,467	383,852
Income taxes	37,363	42,125
TOTAL CURRENT LIABILITIES	$ 7,107,577	$ 6,587,694
Unfunded Pension Costs Reduced to a Net of Tax Basis	1,967,305	2,039,654
Deferred Income Taxes	688,000	493,450
Capital Stock and Surplus		
Capital stock:		
Preferred shares, 7% cumulative par value $100 per share:		
Authorized—40,000 shares		
Outstanding—34,600 shares	$ 3,460,000	$ 3,460,000
Common shares, no par value:		
Authorized—225,000 shares		
Outstanding—224,720 shares	224,720	224,720
Earned surplus	10,261,551	10,099,928
	$13,946,271	$13,784,648
	$23,709,153	$22,905,446

In our opinion, the accompanying consolidated financial statement presents fairly the consolidated financial position of The Sherwin-Williams Company of Canada, Limited and its subsidiaries at August 31, 1967, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year.

Montreal, Quebec
September 28, 1967

Ernst & Ernst
Chartered Accountants

0007-SWP-034990

At Sherwin-Williams, sustained growth is a basic business principle. It will continue to be in the future as the Company continues its historic pattern of expansion and diversification.

This approach to improved and increased service is reflected in the continuing expansion of existing facilities and the construction of new plants in a program geared to market potential. It finds further fulfillment in the Company's diversification into areas such as chemicals that are, at best, only remotely related to paint.

The trademarks on the facing page symbolize the broad scope of service the Company provides. Clockwise from the top of the page, the trademarks are those of: The Martin-Senour Co., with headquarters at Chicago; John Lucas & Co., Inc., Philadelphia; The Lowe Brothers Co., Dayton, Ohio; Rogers Paint Products, Inc., Detroit; W. W. Lawrence & Co., Pittsburgh; Acme Quality Paints, Inc., Detroit; Maumee Chemical Co., Toledo, Ohio; Sprayon Products, Inc., Bedford Heights, Ohio; and Rubberset Co., Crisfield, Maryland.

All of these companies and divisions operate with a great measure of autonomy. They have their own brand names and, in most cases, their own distribution organizations, with the result that the customers benefit from the diversified services provided.

MARTIN SENOUR PAINTS

Lucas
a Great Name in PAINTS

Style-Tested PAINT COLORS
LOWE BROTHERS

ROGERS
PAINTS

SWP
COVER THE EARTH

Lawrence
PAINTS

ACME QUALITY
PAINTS

MAUMEE CHEMICALS

Rubberset co
BRUSHES

Sprayon
AEROSOL PRODUCTS

0007-SWP-034992

THE SHERWIN-WILLIAMS COMPANY

0007-SWP-034993