MEETING OF STOCKHOLDERS
OF
THE SHERWIN-WILLIAMS COMPANY.

The Sixtieth Annual Meeting of the Stockholders of The Sherwin-Williams Company was held at the office of the Company, #101 Prospect Avenue, N. W., Cleveland, Ohio, at 11:00 A. M., Tuesday, December 14, 1943.

The meeting was called to order by the Chairman, Mr. Geo. A. Martin, who presided over the meeting. Mr. T. G. Murphey, Secretary of the Company, acted as Secretary of the meeting.

The Secretary reported -

"There are represented at this meeting of stockholders of The Sherwin-Williams Company, either in person or by proxy, the holders of 420,087 shares of the Common Capital Stock of the Company, out of a total outstanding of 638,927 shares. This, being a majority, constitutes a quorum."

The Chairman appointed Messrs. L. Reese and F. A. Stanton, Inspectors and Tellers, to verify the number of shares represented.

On motion by Mr. H. J. Hain, seconded by Mr. D. A. Kohr, the minutes of the last annual meeting of December 8, 1942, were approved as read.

It was moved by Mr. L. H. Schroeder, seconded by Mr. J. A. Sanford, and approved, that the reading of the Annual Report, as shown in the printed report to stockholders, be dispensed with. A copy of the report, marked Exhibit "A", is attached.

The Chairman reported that while industry is to convert to a pre-war basis, our own industry is in good condition and we have very little to do with reconversion; that further developments are being planned, but will be held in abeyance until the war is ended. The institution as a whole is in good health. We recently lost two very able executives of the Acme White Lead & Color Works—Mr. C. A. Campbell, Vice President and General Manager, who passed away very suddenly on December 4, 1943, and Mr. R. H. Stephens, Treasurer, who had been with us more than thirty years and was more than a credit man, on October 20, 1943. We also lost a very wonderful man in Lowe Brothers, on November 18, 1943,—Mr. D. P. Haber, who had been with us a great many years. A younger man, well qualified and capable, has been moved into the position. He stated that in his opinion we were never better manned than we are at present.

Mr. F. A. Stanton made the report for the Inspectors and Tellers, as follows:

RECORD BOOK PAGE_____ ATTEST T. G. Murphey
SECRETARY

"The Inspectors and Tellers report that at this meeting of Stockholders of The Sherwin-Williams Company, held this 14th day of December, 1943, there are present in person or by proxy, and entitled to vote, the holders of 420,087 shares of the Common Capital Stock of said Company, out of a total outstanding of 638,927 shares."

Mr. F. E. Davis nominated the following as directors for the coming year and until their successors are elected:

A. D. Baldwin
C. S. Eaton
George Gund
H. J. Hain
C. P. Jarden
D. A. Kohr
Geo. A. Martin
Z. E. Martin
L. H. Schroeder
A. W. Steudel
H. D. Whittlesey
Thos. E. Wilson
L. W. Wolcott,

and moved their election. The motion was seconded by Mr. Rollin H. White, and carried. The Chairman thereupon declared the said persons duly elected as directors.

On motion by Mr. D. A. Kohr, seconded by Mr. Rollin H. White, and carried, the meeting adjourned.

J Murphy
Secretary.

RECORD BOOK PAGE_____ATTEST________________
SECRETARY

December 14, 1943

MEETING OF SHAREHOLDERS
OF
THE SHERWIN-WILLIAMS COMPANY.

Printed and Published Annual Report for the fiscal year ended August 31, 1943.

Attached hereto

[signature]

RECORD BOOK PAGE_____ATTEST____________________
SECRETARY

0007-SWP-000005277

Exhibit "A."

Annual Report
1943

THE SHERWIN-WILLIAMS CO.

THE SHERWIN-WILLIAMS CO.

GEORGE A. MARTIN

CHAIRMAN OF THE BOARD

To the Stockholders:

We submit herewith the Annual Report of The Sherwin-Williams Company for the fiscal year ended August 31st, 1943.

The earnings for the year after allowing for all charges including depreciation, but before providing for Federal Income and Excess Profits Taxes and Special Reserves were $9,603,843.52. The reserve for Federal Income and Excess Profits Taxes amounted to $4,957,915.82 and Special Reserves $850,000. The final Consolidated Net Profit available for dividends was $3,795,927.70.

After deducting Preferred Dividends, the earnings are equivalent to $5.07 per share on the Common Stock.

The Company's inventories are in excellent condition and consist of clean, salable merchandise. In view, however, of the prevailing high prices of certain materials, it was considered advisable to provide a reserve of $500,000 for possible inventory shrinkage.

In accordance with established accounting practice, the post-war refund of excess profits tax is shown under "Other Assets" in the amount of $327,202.68. To provide for post-war adjustments and contingencies a reserve of $350,000 has been set up.

Profits include those from transactions subject to renegotiation under the provisions of the War Profits Control Act. Renegotiation proceedings have been commenced but the effect of such renegotiation, if any, has not yet been determined.

The Company's sales showed an increase of 11.6% over the previous year. However, due to higher raw material prices and operating costs on the one hand and established price ceilings on the other, our gross profit was below last year.

War business came first in all our operations and our products have given a good account of themselves on all fronts. Our paints and other protective coatings are widely used on airplanes, ships, tanks, trucks, shells and other war equipment as well as for camouflage purposes.

Our regular Trade Sales paint lines for civilian purposes were curtailed and streamlined to meet the needs of essential property protection. Many colors and sizes and some products were discontinued.

Since April 1, 1943 we have operated on a Linseed Oil Quota of 50% of the previous base period on house paints, enamels, varnishes, etc. Other civilian restrictions have been rigidly followed. We were able, however, to minimize our sales losses in these lines, first, through the streamlining above referred to. Then, too, our Kem-Tone resin emulsion finish required a minimum of critical materials. Finally, the research work in our laboratories enabled us to reformulate many products and at the same time maintain high quality standards so that in many cases our products are even superior to any previous formulation.

The demand for our products continues far in excess of our ability or capacity to meet it, with a large backlog of orders particularly from our established dealer trade.

Our package and container problem has been greatly relieved by our own fibre package which has proven very satisfactory. We are in full production at Chicago, averaging more than 750,000 per week. This development has been achieved by our own people and has been an indispensable factor in maintaining our sales.

In the chemical division of our business, we produce most of the acetanilid used in this country which is the base for sulfa drugs. The acetanilid is sold to drug manufacturers but the Company also makes sulfanilimid intermediates.

The Company continues to operate for the War Department of the Government a large ordnance plant located at Carbondale, Illinois.

Our plants and properties are working at full capacity and overtime and have been kept at the highest possible efficiency under existing conditions.

We wish to express our appreciation to all our staff for their loyal and tireless work in laboratories, factories, warehouses, stores, offices and in the field.

Our institution is proud indeed of its 1,700 men and women in the Armed Forces, who are making such great sacrifices for our country.

Our Post-War plans await only the time when we can put them into effect, when this old world will be thirsty for a new coat of paint for beauty as well as for protection.

Chairman of the Board

President

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES

Year ended August 31, 1943

PROFIT AND LOSS

Profit from operations for the year ended August 31, 1943, before other income, provision for depreciation, other deductions, and federal taxes on income			$12,034,840.37
Other income			221,264.62
			$12,256,104.99
Deductions:			
Provision for depreciation		$1,426,108.49	
Loss on disposal of fixed assets and expenses applicable to nonoperating properties		695,813.80	
Provision for possible inventory shrinkage		500,000.00	
Provision for postwar adjustments and contingencies		350,000.00	
Interest expense		68,339.37	
Provision for doubtful accounts, pension payments, and miscellaneous items		461,999.31	
Provision for federal taxes on income—estimated:			
Normal income and declared value excess profits taxes	$2,602,000.00		
Excess profits taxes (less postwar refund of $309,800.00)	2,788,200.00		
	$5,390,200.00		
Less adjustments of prior years' provisions	432,284.18	4,957,915.82	8,460,177.29
NET PROFIT			$ 3,795,927.70

EARNED SURPLUS

Balance at September 1, 1942			$29,643,763.64
Add net profit for the year			3,795,927.70
			$33,439,691.34
Deduct:			
Cash dividends declared and paid or provided for during the year:			
Preferred—$5.00 per share	$ 555,757.50		
Common—$3.00 per share	1,916,781.00	$2,472,538.50	
Premium on preferred stock called for redemption		24,750.00	2,497,288.50
BALANCE AT AUGUST 31, 1943			$30,942,402.84

(Note A)—Other income includes the amount of $55,416.71 for dividends received from the unconsolidated Canadian subsidiary. Final statement as to operating results of that subsidiary for the year ended August 31, 1943, was not available at date of issuance of this report. The Company's proportionate share of net profits of the other unconsolidated subsidiary, not taken up, amounted to approximately $64,190.00

(Note B)—Profits of the companies include those from transactions subject to the provisions of the War Profits Control Act providing for recapture of any profits found as a result of renegotiation to be excessive. Renegotiation proceedings have been commenced but have not progressed to a point where determination can be made as to the effect, if any, that such renegotiation may have upon the financial statements of the companies. Any refund of profits that might result, would be after credit of the amount of applicable income and excess profits taxes paid thereupon.

CONSOLIDATED

THE SHERWIN-WILLIAMS C

August

Assets

CURRENT ASSETS		
Cash		$15,231,038.42
U. S. Government securities—at cost and accrued interest (quoted market $351,101.56)		350,814.06
Trade notes and accounts receivable, less reserve (includes accounts aggregating $27,882.20 receivable from subsidiaries not consolidated)		9,863,272.55
Inventories—raw materials and supplies, in process and finished merchandise stated on basis of lower of cost or market (estimated inter-plant and inter-company profits have been eliminated), less reserve of $500,000.00 for possible inventory shrinkage		23,389,544.05
TOTAL CURRENT ASSETS		$48,834,669.08
INVESTMENTS AND OTHER ASSETS		
Securities of subsidiaries not consolidated (Note A)	$ 3,705,825.00	
Other securities—at or below cost	18,775.51	
Postwar refund of excess profits tax (including refundable amount from Dominion of Canada)—estimated	327,202.68	
Insurance deposits, miscellaneous notes and accounts receivable, claims and advances, less reserves	294,317.59	4,346,120.78
PROPERTY, PLANT, AND EQUIPMENT		
Land, buildings, machinery and equipment—at cost to consolidated companies, less reserves for depreciation		18,275,853.26
PATENTS AND TRADE-MARKS		
Nominal amount		1.00
DEFERRED CHARGES		
Advertising stock, stationery, etc.	$ 489,098.95	
Prepaid insurance, deferred taxes, etc.	313,434.94	802,533.89
		$72,259,178.01

(Note A)—Investments in securities of subsidiaries not consolidated include—(1) investment of $3,695,825.00 in Canadian subsidiary, stated at cost which was less than the proportionate share of the book value (including intangibles) of the net assets of such affiliate as reported to the Company; net increase in equity in this subsidiary since date of acquisition, not taken up by the parent Company, amounted to approximately $314,000.00 as of August 31, 1942, (final statement as to operating results for the year ended August 31, 1943, was not available at date of issuance of this report);—(2) investment in another subsidiary amounting to $10,000.00 stated at cost; the Company's proportionate share of net profits of such subsidiary not taken up, amounted to approximately $97,100.00.

BALANCE SHEET
MPANY AND SUBSIDIARIES
1, 1943

Liabilities, Capital Stock, and Surplus

CURRENT LIABILITIES		
Trade accounts payable, pay rolls, drum deposits and miscellaneous items (includes accounts payable to subsidiary not consolidated in the amount of $5,126.22)		$ 8,378,393.41
Preferred dividend payable September 1, 1943		134,298.75
Deposits—employees, employees' benefit association and officers		830,076.78
Accrued taxes (other than federal income taxes) and miscellaneous items		447,801.38
Federal taxes on income—estimated	$ 6,373,685.86	
Less United States Treasury Notes—Tax Series (purchased and held for tax payments)	3,357,920.00	3,015,765.86
Notes payable to bank (in connection with advances to and loans by foreign subsidiary)		629,465.24
TOTAL CURRENT LIABILITIES		$13,435,801.42
RESERVES		
For postwar adjustments, contingencies, maintenance of plants, employers' liability insurance, etc.		1,163,898.75
CAPITAL STOCK AND SURPLUS		
Capital stock:		
Preferred-authorized 395,500 shares (par value $100.00 each—redeemable at $105.00 per share):		
Outstanding—Series "AAA" 5% cumulative preferred—107,439 shares	$10,743,900.00	
Common—authorized 800,000 shares (par value $25.00 each):		
Outstanding—638,927 shares	15,973,175.00	
	$26,717,075.00	
Earned surplus	30,942,402.84	57,659,477.84
		$72,259,178.01

(Note B)—Net current assets (not significant) of consolidated foreign subsidiaries have been translated into U. S. dollars at the applicable exchange rates in effect at August 31, 1943. Such subsidiaries are located in Argentina, Canada, Cuba, and Mexico.

(Note C)—The Company was contingently liable at August 31, 1943, as surety on a performance bond relative to performance by The Sherwin-Williams Defense Corporation (subsidiary not consolidated) as a party to a construction and operation contract with The United States of America.

(Note D)—Reference is made to Note B to the summaries of profit and loss and surplus relative to profits of the companies subject to the provisions of the War Profits Control Act.

AUDITOR'S CERTIFICATE

Board of Directors,
The Sherwin-Williams Company,
Cleveland, Ohio.

We have examined the consolidated balance sheet of The Sherwin-Williams Company and its consolidated subsidiaries as of August 31, 1943, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary, including tests of trade receivables by communication with debtors and observation of procedures followed in ascertaining inventory quantities at the principal locations.

In our opinion, the accompanying balance sheet and related summaries of profit and loss and surplus present fairly the consolidated position of The Sherwin-Williams Company and its consolidated subsidiaries at August 31, 1943, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
November 1, 1943.

THE SHERWIN-WILLIAMS CO.

101 Prospect Ave., N. W. Founded in 1866 Cleveland, Ohio

Manufacturers of

Paints, Varnishes, Colors, Stains, Enamels, Lacquers, Lead Products, Dyes, Chemicals, Lithopone, Litharge, Linseed Oil, Dry Colors, Insecticides, Coal Tar Products, Disinfectants, Cleaners, Polishes.

Main Plants

Cleveland - Chicago - Dayton - Detroit - Newark - Brooklyn - Pittsburgh
Gloucester City, N. J. - Oakland, Cal. - Bound Brook, N. J.
Lincoln, Neb. - Gibbsboro, N. J. - Dallas - Los Angeles
Coffeyville, Kan.

Directors

A. D. BALDWIN
C. S. EATON
GEORGE GUND
H. J. HAIN
C. P. JARDEN
D. A. KOHR
GEO. A. MARTIN
Z. E. MARTIN
L. H. SCHROEDER
A. W. STEUDEL
H. D. WHITTLESEY
THOS. E. WILSON
L. W. WOLCOTT

Officers

GEO. A. MARTIN, *Chairman of the Board*
A. W. STEUDEL, *President*
H. D. WHITTLESEY, *Senior Vice-President*
H. J. HAIN, *Vice-President*
N. E. VAN STONE, *Vice-President*
L. H. SCHROEDER, *Vice-President and Treasurer*
T. G. MURPHEY, *Secretary*

Transfers Agents

CLEVELAND TRUST COMPANY
Cleveland, Ohio

BANKERS TRUST COMPANY
New York, N. Y.

Registrars

CENTRAL NATIONAL BANK
Cleveland, Ohio

GUARANTY TRUST COMPANY
New York, N. Y.