SHERWIN WILLIAMS CO
Form DEF 14A
March 07, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to 240.14a-12

THE SHERWIN-WILLIAMS COMPANY
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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The Sherwin-Williams Company

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 18, 2018

The Annual Meeting of Shareholders of THE SHERWIN-WILLIAMS COMPANY will be held in the Landmark Conference Center, 927 Midland Building, 101 West Prospect Avenue, Cleveland, Ohio on Wednesday, April 18, 2018 at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To fix the number of directors of Sherwin-Williams at 10 and to elect the 10 director nominees named in the attached Proxy Statement to hold office until the next Annual Meeting of Shareholders and until their successors are elected;

2. To approve, on an advisory basis, the compensation of the named executives;

3. To ratify the appointment of Ernst & Young LLP as Sherwin-Williams independent registered public accounting firm; and

4. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on February 20, 2018, the record date for the Annual Meeting, are the only shareholders entitled to notice of and to vote at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please promptly vote on the Internet, by telephone or by completing and returning the enclosed proxy card. Voting early will help avoid additional solicitation costs and will not prevent you from voting in person at the Annual Meeting if you wish to do so.

MARY L. GARCEAU

Secretary

101 West Prospect Avenue

Cleveland, Ohio 44115-1075

March 7, 2018

ADMISSION TO THE 2018 ANNUAL MEETING.

You are entitled to attend the Annual Meeting only if you were a Sherwin-Williams shareholder at the close of business on February 20, 2018. We may ask you to present evidence of share ownership and valid photo identification to enter the Annual Meeting. Please refer to the section entitled How can I attend the Annual Meeting? for further information.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 18, 2018.

Sherwin-Williams Proxy Statement and 2017 Annual Report to Shareholders are available free of charge at http://proxymaterials.sherwin.com.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. Please carefully read the entire Proxy Statement and our 2017 Annual Report to Shareholders before voting.

2018 Annual Meeting of Shareholders

Date and Time	Place	Record Date
Wednesday, April 18, 2018 9:00 a.m., EDT	Landmark Conference Center 927 Midland Building 101 West Prospect Avenue Cleveland, Ohio 44115	February 20, 2018

Proposals and Board Recommendations

Proposal	Board Recommendation
1. Election of 10 directors	**FOR each nominee**
2. Advisory approval of the compensation of the named executives	**FOR**
3. Ratification of Ernst & Young LLP as our independent registered public accounting firm	**FOR**

2017 Financial and Operating Highlights

2017 was a transformative year for Sherwin-Williams. On June 1, 2017, we completed our acquisition of The Valspar Corporation (Valspar). This acquisition (the Valspar Transaction) has accelerated our global growth strategy and has made us a more diversified and more global leader in the paint and coatings industry. Since completing the Valspar Transaction, we have made significant progress on our integration efforts across businesses, functions and geographies.

2017 was also a year of many financial milestones, including record net sales of $14.98 billion. 2017 diluted net income per share from continuing operations was a record $19.11. Net income from continuing operations increased to $1.81 billion, also a record. We generated net operating cash of $1.88 billion.

[1] 2017 includes Valspar sales since June 1, 2017.

[2] 2017 includes the following: (a) one-time income tax benefit of $668.8 million from Deferred income tax reductions (see Note 14 of our consolidated financial statements included in our 2017 Annual Report), (b) after-tax acquisition related costs and purchase accounting adjustments of

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$285.1 million, and (c) after-tax contribution from Valspar operations of $76.0 million. 2016 includes after-tax acquisition-related costs of $81.5 million.

[3] 2017 includes the following: (a) one-time benefit of $7.04 per share from Deferred income tax reductions (see Note 14 of our consolidated financial statements included in our 2017 Annual Report), (b) charge of $3.00 per share for acquisition-related costs and purchase accounting impacts, and (c) $.80 per share contribution from Valspar operations. 2016 includes a charge of $.86 per share for acquisition-related costs.

During 2017, we increased our annual dividend to $3.40 per share, extending our string of dividend increases to 39 consecutive years. We also continued our history of returning significant value to our shareholders, returning $319 million through dividends.

Our Director Nominees

The following table provides summary information about each of our director nominees. Additional information about each director nominee s background, experience and skills can be found under the heading Proposal 1 Election of Directors.

					Committee Memberships			
Name	**Age**	**Director Since**	**Principal Occupation**	**Inde-pendent**	**AC**	**CMDC**	**NCGC**	**Other Public Company Boards**
A. F. Anton	60	2006	Chairman & CEO, Swagelok Company		C, F			2
D. F. Hodnik	70	2005	Retired, Former President & CEO, Ace Hardware Corporation					0
R. J. Kramer	54	2012	Chairman, CEO & President, The Goodyear Tire & Rubber Company		F			1
S. J. Kropf	69	2003	Retired, Former President & COO, Avon Products, Inc.					3
J. G. Morikis	54	2015	Chairman, President & CEO, Sherwin-Williams					1
C. A. Poon	65	2014	Executive in Residence, The Ohio State University		F		C	3
J. M. Stropki	67	2009	Retired, Former Chairman, President & CEO, Lincoln Electric Holdings, Inc.	L				2
M. H. Thaman	54	2017	Chairman, President & CEO, Owens Corning					1
M. Thornton III	59	2014	Senior VP, US Operations, FedEx Express, FedEx Corporation					0
S. H. Wunning	66	2015				C		2

Retired, Former Group
President, Caterpillar Inc.

AC = Audit Committee	C = Committee Chair
CMDC = Compensation and Management Development Committee	F = Financial Expert
NCGC = Nominating and Corporate Governance Committee	L = Lead Independent Director

Information about Our Board and Committees

	Number of Members	Independence	Number of Meetings During 2017
Board of Directors	10	9 of 10	7
Audit Committee	4	100%	5
Compensation and Management Development Committee	5	100%	4
Nominating and Corporate Governance Committee	5	100%	3

Each of our incumbent directors attended at least 75% of all of the 2017 meetings of the Board of Directors and the committees on which he or she served.

Sound Corporate Governance Practices

Our corporate governance practices are designed to enable us to manage our business in accordance with high ethical standards and in the best interests of our shareholders.

Annual election of all directors

Majority voting standard and director resignation policy for directors in ncontested elections

Independent lead director has significant governance responsibilities

9 of 10 director nominees are independent

Board committees are comprised entirely of independent directors

Average tenure of director nominees is 7 years

Mandatory retirement age of 72 for directors

Annual board and committee self-assessment evaluations

Executive sessions of independent directors are held after regular board meeting

Directors have complete access to management

Stringent restrictions on pledging and hedging of our stoc

Significant director and executive stock ownership guideli

Board oversight of risk management

Executive Compensation Program

Our Compensation Objectives. We design and manage our company-wide compensation programs to align with our overall business strategy and focus our employees on delivering sustained financial and operating results that drive long-term, superior shareholder returns. We believe it is important that our compensation programs: (a) be competitive; (b) maintain a performance and achievement-oriented culture; and (c) align the interests of our executives with those of our shareholders.

Key Valspar-Related Compensation Decisions. In early 2017, the anticipated completion of the Valspar Transaction, together with the importance of integrating Valspar into our business and capitalizing on the resulting benefits and synergies, led the Compensation and Management Development Committee (the Compensation Committee) to design our 2017 executive compensation program to appropriately incentivize our executives and other key employees.

We summarize the Compensation Committee s key Valspar-related decisions below. We provide a more detailed explanation of these decisions, as well as our executive compensation program and the compensation of our named executives, in the Compensation Discussion and Analysis section of this Proxy Statement.

2017 Annual Cash Incentive Compensation Program. In light of uncertainties regarding the timing of the closing of the Valspar Transaction due to regulatory approvals, the Compensation Committee designed the 2017 executive compensation program to achieve both core Sherwin-Williams goals and combined company goals. Following the closing of the Valspar Transaction, the Compensation Committee believed it was important to appropriately incentivize our executives to achieve combined company goals beginning on the day the Valspar Transaction closed.

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Accordingly, for our 2017 annual cash incentive compensation program, the Compensation Committee approved formulae and metrics to drive the achievement of core Sherwin-Williams and combined company financial and operating goals, including net sales, earnings per share (EPS), free cash flow and synergy savings. We added the synergy savings goal to specifically focus our employees on the important task of achieving cost savings and efficiencies required for the successful integration of Valspar.

New Peer Group. In light of our increased size, geographic scope and complexity following the Valspar Transaction, the Compensation Committee reviewed the continued appropriateness of our peer group. Based upon the recommendation of the Compensation Committee s independent compensation consultant, Compensation Advisory Partners LLC, the Compensation Committee removed five companies from and added seven companies to the peer group that was in place at the beginning of 2017. Because these changes were approved mid-2017 after the Valspar Transaction closed, most of the 2017 executive compensation decisions were made earlier in the year using the prior peer group.

Our Compensation Mix. A significant percentage of the compensation opportunity of our executives is variable, at risk and tied to company or business unit performance, including stock price appreciation. For 2017, 90% of the principal compensation components for our CEO and an average of 77% for our other named executives were tied to performance.

Responsible Executive Compensation Practices

Our compensation programs, practices and policies demonstrate our commitment to responsible pay and governance principles, as well as alignment with shareholder interests.

Annual say-on-pay votes	No unnecessary or excessive risk-taking in compensation policies and practices
Independent Compensation Committee	No excessive perquisites
Independent compensation consultant	No payment of current dividend equivalents on unvested performance-based RSUs
Peer group benchmarking to median pay	Double-trigger vesting of long-term equity incentive awards upon change in control
Emphasis on performance-based pay	No repricing or replacing of underwater stock options without shareholder approval
Responsibly administered incentive compensation programs	No above-market earnings on deferred compensation
Balanced compensation structure	No employment agreements with named executives
Diversified performance metrics tied to financial and operating performance	
Clawback and recapture policy	
Significant stock ownership by our directors and officers	

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THE SHERWIN-WILLIAMS COMPANY

101 West Prospect Avenue

Cleveland, Ohio 44115-1075

PROXY STATEMENT

March 7, 2018

GENERAL INFORMATION

We are providing the enclosed proxy materials to you in connection with the solicitation by the Board of Directors (the Board) of proxies to be voted at the Annual Meeting of Shareholders to be held on April 18, 2018 (the Annual Meeting). We began mailing these proxy materials to our shareholders on March 7, 2018. The terms we, us and our throughout this Proxy Statement refer to Sherwin-Williams and/or its management.

We are enclosing our Annual Report to Shareholders for the year ended December 31, 2017 with these proxy materials. We may submit additional financial and other reports at the Annual Meeting, but we do not intend to take any action relating to those reports.

QUESTIONS AND ANSWERS ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will act upon the proposals outlined in the Notice of Annual Meeting of Shareholders. The agenda includes the following proposals:

Proposal	**Board Recommendation**
1. Election of 10 directors	**FOR each nominee**
2. Advisory approval of the compensation of the named executives	**FOR**
3. Ratification of Ernst & Young LLP as our independent registered public accounting firm	**FOR**

In addition, our management will report on Sherwin-Williams financial and operating performance and respond to questions from shareholders. We are not aware of any other matters that will be brought before the Annual Meeting for action.

Who is entitled to vote at the Annual Meeting?

You are entitled to vote at the Annual Meeting only if you were a record holder of our common stock at the close of business on February 20, 2018. At the close of business on the record date, 94,101,171 shares of common stock were outstanding. Each share owned on the record date is entitled to one vote.

What is the difference between a shareholder of record and a beneficial owner of shares held in street name?

Shareholder of Record. If your shares are registered directly in your name with our transfer agent, EQ Shareowner Services (formerly Wells Fargo Shareowner Services), you are considered the shareholder of record with respect to those shares.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a broker, bank or other similar organization, you are the beneficial owner of shares held in street name. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account.

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How do I vote?

Most shareholders have a choice of voting by mail, on the Internet, by telephone or in person at the Annual Meeting. We encourage you to vote in advance to ensure your vote will be represented at the Annual Meeting.

Voting by Mail. If you are a shareholder of record, you may vote by signing, dating and returning your proxy card in the enclosed prepaid envelope. The proxy holders will vote your shares in accordance with your directions. If you sign and return your proxy card, but do not properly direct how your shares should be voted on a proposal, the proxy holders will vote your shares *for* the election of each director nominee on Proposal 1 and *for* Proposals 2 and 3. If you sign and return your proxy card, the proxy holders will vote your shares according to their discretion on any other proposals and other matters that may be brought before the Annual Meeting.

If you hold shares in street name, you should complete, sign and date the voting instruction card provided to you by your broker or nominee.

Voting on the Internet or by Telephone. If you are a shareholder of record, detailed instructions for Internet and telephone voting are attached to your proxy card. Your Internet or telephone vote authorizes the proxy holders to vote your shares in the same manner as if you signed and returned your proxy card by mail. If you are a shareholder of record and you vote on the Internet or by telephone, your vote must be received by 11:59 p.m. EDT on April 17, 2018; you should not return your proxy card.

If you hold shares in street name, you may be able to vote on the Internet or by telephone as permitted by your broker or nominee.

Voting in Person. All shareholders may vote in person at the Annual Meeting. Shareholders of record also may be represented by another person present at the Annual Meeting by signing a proxy designating such person to act on your behalf. If you hold shares in street name, you may vote in person at the Annual Meeting only if you have obtained a signed proxy from your broker or nominee giving you the right to vote your shares.

What happens if I hold shares in street name and I do not give voting instructions?

If you hold shares in street name and do not provide your broker with specific voting instructions, under the rules of the New York Stock Exchange (NYSE), your broker may generally vote on routine matters but cannot vote on non-routine matters. Proposals 1 and 2 are considered non-routine matters. Therefore, if you do not instruct your broker how to vote on Proposals 1 and 2, your broker does not have the authority to vote on those proposals. This is generally referred to as a broker non-vote. Proposal 3 is considered a routine matter and, therefore, your broker may vote your shares on this proposal according to your broker s discretion.

Who tabulates the votes?

Representatives of EQ Shareowner Services will tabulate the votes and act as inspectors of election at the Annual Meeting.

How do I vote if I am a participant in the Dividend Reinvestment Plan or the Employee Stock Purchase and Savings Plan?

If you are a participant in one of these plans, your proxy card also serves as voting instructions for the number of shares for which you are entitled to direct the vote under each plan. You may vote your shares in the same manner outlined above for shareholders of record. If you are a participant in our Employee Stock Purchase and Savings Plan (ESPP), your voting instructions must be received by the close of business on April 13, 2018 in order to allow the trustee sufficient time for voting.

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If you are a participant in our ESPP and you do not timely provide your voting instructions, the trustee will vote your shares in the same proportion as the trustee votes those shares for which it receives proper instructions.

What constitutes a quorum for the Annual Meeting?

A quorum of shareholders is necessary for us to hold a valid Annual Meeting. For a quorum, there must be present, in person or by proxy, or by use of communications equipment, shareholders of record entitled to exercise not less than fifty percent of the voting power of Sherwin-Williams. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

What vote is required to approve each proposal?

Election of Directors (Proposal 1). Proposal 1, to fix the number of directors at 10, requires the affirmative vote of the holders of a majority of the shares present, in person or by proxy, and entitled to vote on this proposal. As provided in our Amended Articles of Incorporation, to be elected as a director, a nominee must receive a majority of the votes cast. A majority of the votes cast means that the number of shares voted for a nominee s election exceeds the number of shares voted against the nominee s election. Abstentions and broker non-votes with respect to the election of one or more directors will not be counted as a vote cast and, therefore, will have no effect on the vote.

Any incumbent nominee who receives a greater number of against votes than for votes shall continue to serve on the Board pursuant to Ohio law, but is required to promptly tender his or her resignation for consideration by the Nominating and Corporate Governance Committee (the Nominating Committee) of the Board. We provide more information about majority voting for directors under the heading Corporate Governance Majority Voting for Directors.

Advisory Approval of the Compensation of the Named Executives (Proposal 2). The approval, on an advisory basis, of the compensation of the named executives requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote.

Ratification of Independent Registered Public Accounting Firm (Proposal 3). The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast. Abstentions with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote. Broker non-votes are not expected to exist with respect to this proposal.

Other Items. All other proposals and other business as may properly come before the Annual Meeting require the affirmative vote of a majority of the votes cast, except as otherwise required by statute or our Amended Articles of Incorporation or Regulations.

Can I revoke or change my vote after I submit my proxy?

Yes. You can revoke or change your vote before the proxy holders vote your shares by timely:

- giving a revocation to our Corporate Secretary in writing, in a verifiable communication or at the Annual Meeting;

- returning a later signed and dated proxy card;
- entering a new vote on the Internet or by telephone; or
- voting in person at the Annual Meeting.

How can I attend the Annual Meeting?

You are entitled to attend the Annual Meeting only if you were a shareholder at the close of business on the record date, February 20, 2018. We may ask you to present evidence of share ownership

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as of the record date, such as an account statement indicating ownership on that date, and valid photo identification, such as a driver s license or passport, to enter the Annual Meeting.

Even if you plan to attend the Annual Meeting in person, we encourage you to vote your shares in advance using one of the methods outlined in this Proxy Statement to ensure that your vote will be represented at the Annual Meeting. If you require directions to the Annual Meeting, please contact Investor Relations at (216) 566-2000.

Where will I be able to find voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final voting results in a Current Report on Form 8-K to be filed with the SEC within four business days of the Annual Meeting.

Who pays the costs of this proxy solicitation?

The enclosed proxy is solicited by the Board, and Sherwin-Williams will pay the entire cost of solicitation. We retained Georgeson LLC to aid in the solicitation of proxies, for which it will receive a fee estimated at $15,500, plus reasonable expenses.

In addition, we may reimburse banks, brokers and other nominees for costs reasonably incurred by them in forwarding proxy materials to beneficial owners of our common stock. Our officers and other employees may also solicit the return of proxies. Proxies will be solicited by personal contact, mail, telephone and electronic means.

Are the Proxy Statement and the 2017 Annual Report to Shareholders available on the Internet?

Yes. This Proxy Statement and our 2017 Annual Report are available at http://proxymaterials.sherwin.com.

You may help us save money in the future by accessing your proxy materials online, instead of receiving paper copies in the mail. If you would like to access proxy materials on the Internet beginning next year, please follow the instructions located in the Access Proxy Materials Online section on the Investor Relations page of our website at www.sherwin.com.

CORPORATE GOVERNANCE

The Board and management have recognized for many years the importance of sound corporate governance practices in fulfilling their respective duties and responsibilities to shareholders. We describe below our key corporate governance policies that enable us to manage our business in accordance with high ethical standards and in the best interests of our shareholders.

Corporate Governance Guidelines.

The Board has adopted Corporate Governance Guidelines, which provide the framework for the governance of our company. The Board reviews our Corporate Governance Guidelines at least annually. From time to time, the Board may revise our Corporate Governance Guidelines to reflect new regulatory requirements and evolving corporate governance practices.

Leadership Structure and Lead Director.

Combined Chairman and Chief Executive Officer Role. Our Corporate Governance Guidelines provide that the same person should hold the positions of Chairman and CEO, except in unusual circumstances such as during a period of transition in the office of the chief executive officer. The

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Board believes this structure provides the optimal leadership model. A combined Chairman and CEO provides clear insight and direction of business strategies and plans to both the Board and management, which facilitates the efficient and effective functioning of the Board and our company. The Board also believes we can most effectively execute our business strategies and plans if our Chairman is also a member of our management team. A single person acting in the capacities of Chairman and CEO also provides unified leadership and focus.

Lead Director. Under our Corporate Governance Guidelines, if the Chairman is not an independent director, the independent directors of the Board annually will elect an independent director to serve as Lead Director. John M. Stropki is currently the Lead Director. The Board believes that a Lead Director improves the Board s overall performance by enhancing the efficiency of the Board s oversight and governance responsibilities and by supporting the relationship between the CEO and the independent directors.

The Lead Director has a significant role, with comprehensive governance responsibilities that are clearly described in our Corporate Governance Guidelines. These responsibilities are as follows:

- Chair meetings of the Board at which the Chairman is not present.
- Chair executive sessions of the non-management directors. Meet separately with the Chairman after executive sessions to review the matters discussed during the executive sessions.
- Review with the Chairman the schedule for meetings of the non-management directors and set the agenda for such meetings.
- Facilitate communications and serve as the principal liaison on Board-related issues between the Chairman and the non-management directors. Each director, however, is free to communicate directly with the Chairman.
- Review with the Chairman the schedule for meetings of the Board to help assure that there is sufficient time allocated for discussion of all agenda items.
- Suggest agenda items to the Chairman for meetings of the Board and approve the agenda, as well as the substance and timeliness of information sent to the Board.
- Authorize the retention of independent legal advisors, or other independent consultants and advisors, as necessary, who report directly to the Board on Board-related issues.
- Act as a resource for, and counsel to, the Chairman.

Other Leadership Components. Another key component of our leadership structure is our strong governance practices, which ensure the Board effectively carries out its responsibility to oversee management. All Board committees are entirely comprised of independent directors. Non-management directors meet in executive session following every regularly scheduled Board meeting. The Lead Director may schedule additional executive sessions, as appropriate. The Board has full access to our management team at all times. In addition, the Board or any committee may retain independent legal, financial, compensation or other consultants and advisors to advise and assist the Board or committee in discharging its responsibilities.

Code of Conduct.

Our Code of Conduct applies to all directors, officers and employees of Sherwin-Williams and our subsidiaries, wherever located. It contains the general guidelines and principles for conducting Sherwin-Williams business, consistent with the highest standards of business ethics. Our Code of Conduct also embodies our seven guiding values, which form the foundation of our company: Integrity, People, Service, Quality, Performance, Innovation and Growth. We encourage our employees to report all violations of company policies and the law, including incidents of harassment or discrimination. We will

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take appropriate steps to investigate all such reports and take appropriate action. Under no circumstances will employees be subject to any disciplinary or retaliatory action for reporting, in good faith, a possible violation of our Code of Conduct or applicable law, or for cooperating in any investigation of such a possible violation.

Under our Code of Ethics for Senior Financial Management, our CEO, Chief Financial Officer and senior financial management are responsible for creating and maintaining a culture of high ethical standards and commitment to compliance throughout our company to ensure the fair and timely reporting of Sherwin-Williams financial results and condition. Senior financial management includes the controller, the treasurer, the principal financial/accounting personnel in our operating groups and divisions, and all other financial/accounting personnel with staff supervision responsibilities in our corporate departments and operating groups and divisions.

Risk Management.

Management is responsible for assessing and managing our exposure to various risks while the Board has responsibility for the oversight of risk management. Management has an enterprise risk management process to identify, assess and manage the most significant risks facing us, including financial, strategic, operational, litigation, compliance and reputational risks.

The Audit Committee has oversight responsibility to review management s risk management process, including the policies and guidelines used by management to identify, assess and manage our exposure to risk. The Audit Committee also has oversight responsibility for financial risks. Management reviews financial risks with the Audit Committee at least quarterly and reviews its risk management process with the Audit Committee on an ongoing basis. The Board has oversight responsibility for all other risks. Management reviews various significant risks with the Board throughout the year, as necessary and/or appropriate, and conducts a formal review of its assessment and management of the most significant risks with the Board on an annual basis.

Management s role to identify, assess and manage risk, and the Board s role in risk oversight, have been well defined for many years. The Board s role in risk oversight has had no significant impact on the Board s leadership structure. However, we believe our current leadership structure, with Mr. Morikis serving as Chairman, President and CEO, enhances the Board s effectiveness in risk oversight due to his extensive knowledge of our operations and the paint and coatings industry.

How You May Communicate with Directors.

The Board has adopted a process by which shareholders and all other interested parties may communicate with the non-management directors, the Lead Director or the chairperson of any of the committees of the Board. You may send communications by regular mail to the attention of the: Lead Director; Chair, Audit Committee; Chair, Compensation and Management Development Committee; Chair, Nominating and Corporate Governance Committee; or non-management directors as a group to the Non-Management Directors; each, c/o Corporate Secretary, The Sherwin-Williams Company, 101 West Prospect Avenue, 12th Floor, Midland Building, Cleveland, Ohio 44115.

Sherwin-Williams management will review all communications received to determine whether the communication requires immediate action. Management will pass on all appropriate and applicable communications received, or a summary of such communications, to the appropriate director or directors.

Complaint Procedures for Accounting, Auditing and Financial Related Matters.

The Audit Committee has established procedures for receiving, retaining and treating complaints from any source regarding accounting, internal accounting controls and auditing matters. The Audit Committee has also established procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Interested parties may communicate such complaints by following the procedures described above under the heading How You May Communicate with Directors. Employees may report such complaints by following the procedures outlined in our Code of Conduct. We do not permit any disciplinary or retaliatory action against any person who, in good faith, submits a complaint or concern under these procedures.

Independence of Directors.

Under our Director Independence Standards (a copy of which is attached as Appendix A to this Proxy Statement), 9 of our 10 directors and director nominees are independent. In addition, all members of the Audit Committee, the Compensation Committee and the Nominating Committee are independent.

Majority Voting for Directors.

As provided in our Amended Articles of Incorporation, for an individual to be elected to the Board of Directors in an uncontested election of directors, the number of votes cast in favor of the individual s election must exceed the number of votes cast against the individual s election.

Any incumbent nominee for director in an uncontested election who receives a greater number of against votes than for votes shall continue to serve on the Board pursuant to Ohio law, but is required to promptly tender his or her resignation to the Board under our Corporate Governance Guidelines. The Nominating Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept the tendered resignation or to take some other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the majority against vote.

In making this recommendation, the Nominating Committee will consider all factors deemed relevant by its members. These factors may include the underlying reasons why shareholders voted against the director (if ascertainable), the length of service and qualifications of the director whose resignation has been tendered, the director s contributions to Sherwin-Williams, whether by accepting the resignation Sherwin-Williams will no longer be in compliance with any applicable law, rule, regulation or governing document, and whether or not accepting the resignation is in the best interest of Sherwin-Williams and our shareholders. In considering the Nominating Committee s recommendation, the Board will consider the factors considered by the Nominating Committee and such additional information and factors that the Board believes to be relevant. We will promptly and publicly disclose the Board s decision and process in a report filed with or furnished to the SEC.

Executive Sessions of Non-Management Directors.

The non-management members of the Board meet in executive session following regularly scheduled Board meetings. Additional executive sessions may be scheduled by the Lead Director or the non-management directors. The Lead Director will chair these sessions.

Annual Board Self-Assessments.

The Board has instituted annual self-assessments of the Board, as well as the Audit Committee, the Compensation Committee and the Nominating Committee, to assist in determining whether the Board and its committees are functioning effectively. In 2017, the Board and each of its committees completed self-evaluations and reviewed and discussed the results. The Nominating Committee oversees this process.

Board Committee Charters.

The Audit Committee, the Compensation Committee and the Nominating Committee each have adopted written charters. Each committee reviews and evaluates the adequacy of its charter at least annually.

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Stock Ownership Guidelines.

The Board believes that our directors and executives should have meaningful share ownership in Sherwin-Williams. Accordingly, the Board has established minimum share ownership requirements. More information is set forth under the heading Stock Ownership Guidelines in the Compensation Discussion and Analysis section of this Proxy Statement.

Clawback and Recapture Policy.

The Board has adopted a policy regarding the adjustment and recapture of compensation paid or payable to executives and key employees. Under this clawback and recapture policy, employees who participate in our 2007 Executive Annual Performance Bonus Plan are required to reimburse Sherwin-Williams for any award paid under this plan in the event:

- the award was based upon the achievement of financial results that were subsequently the subject of an accounting restatement due to the material noncompliance with any financial reporting requirement under the federal securities laws; and

- the Board determines that the employee engaged in knowing or intentional fraudulent or illegal conduct that caused or partially caused the need for the restatement; and

- a lower amount would have been paid to the employee based upon the restated financial results.

The reimbursement will be equal to the difference in the amount of the award prior to the restatement and the amount of the award determined using the restated financial results.

In addition, under our 2006 Equity and Performance Incentive Plan, (a) all outstanding stock awards will be cancelled and (b) the employee will be required to reimburse Sherwin-Williams for any economic gains received by the employee pursuant to a stock award during the one-year period preceding the Board s determination that the employee engaged in the conduct described above.

Availability of Corporate Governance Materials.

You may access all committee charters, our Corporate Governance Guidelines, our Director Independence Standards, our Code of Conduct and other corporate governance materials in the Corporate Governance section on the Investor Relations page of our website at www.sherwin.com.

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PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, the number of directors is to be fixed at 10, and 10 directors are to be elected to hold office until the next Annual Meeting and until their successors are elected. Each nominee was elected by our shareholders at the 2017 Annual Meeting.

Our Board currently has 10 members, and all are standing for re-election as nominees. All of the nominees are independent, except for Mr. Morikis. Mr. Morikis is not considered to be independent because of his position as our Chairman, President and CEO. There are no family relationships among any of the directors and executive officers.

Each nominee has agreed to serve, if elected. If any nominee declines or is unable to accept such nomination or is unable to serve, an event which we do not expect, the Board reserves the right in its discretion to substitute another person as a nominee or to reduce the number of nominees. In this event, the proxy holders may vote, in their discretion, for any substitute nominee proposed by the Board.

We have presented biographical information regarding each nominee below. The biographical information of each nominee is supplemented with the particular experiences, qualifications, attributes and skills that led the Board to conclude the nominee should serve on the Board. Please also refer to the additional information set forth under the heading Experiences, Qualifications, Attributes and Skills of Director Nominees.

ARTHUR F. ANTON

Chairman and Chief Executive Officer,

Swagelok Company

Director of Sherwin-Williams since 2006

Age: 60

Business Experience. Arthur F. Anton has served as Chief Executive Officer of Swagelok Company (manufacturer and provider of fluid system products and services) since January 2004 and Chairman of Swagelok since October 2017. Mr. Anton served as President of Swagelok from January 2001 to October 2017, Chief Operating Officer of Swagelok from January 2001 to January 2004, Executive Vice President of Swagelok from July 2000 to January 2001, and Chief Financial Officer of Swagelok from August 1998 to July 2000. Mr. Anton is also a director of Forest City Realty Trust, Inc., Olympic Steel, Inc. and University Hospitals Health System.

Key Qualifications, Attributes and Skills. Mr. Anton brings significant domestic and international manufacturing and distribution experience to the Board. In addition, as a former partner of Ernst & Young LLP and the former Chief Financial Officer of Swagelok, Mr. Anton has financial expertise and extensive financial experience in a manufacturing setting that provide him with a unique perspective on Sherwin-Williams business and operations.

DAVID F. HODNIK

Retired, Former President and

Chief Executive Officer,

Ace Hardware Corporation

Director of Sherwin-Williams since 2005

Age: 70

Business Experience. David F. Hodnik served as Chief Executive Officer of Ace Hardware Corporation (cooperative of independent hardware retail stores) from January 1997 until his retirement in April 2005. Mr. Hodnik also served as President of Ace Hardware from January 1996 through December 2004. Mr. Hodnik joined Ace Hardware in October 1972 and held various financial, accounting and operating positions at Ace Hardware.

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Key Qualifications, Attributes and Skills. Mr. Hodnik has valuable management and leadership skills supporting a large retail operation. Mr. Hodnik brings to the Board more than 30 years of relevant experience at Ace Hardware in various financial, accounting and operating positions, including as Ace Hardware s principal accounting officer, allowing him to add important financial expertise and business insights to the Board.

RICHARD J. KRAMER

Chairman of the Board, Chief Executive

Officer and President,

The Goodyear Tire & Rubber Company

Director of Sherwin-Williams since 2012

Age: 54

Business Experience. Richard J. Kramer has served as Chief Executive Officer and President of The Goodyear Tire & Rubber Company (global manufacturer, marketer and distributor of tires) since April 2010 and Chairman of the Board of Goodyear since October 2010. Mr. Kramer joined Goodyear in March 2000 and has held various positions at Goodyear, including Chief Operating Officer from June 2009 to April 2010, President, North American Tire from March 2007 to February 2010, Executive Vice President and Chief Financial Officer from June 2004 to August 2007, Senior Vice President, Strategic Planning and Restructuring from August 2003 to June 2004, Vice President, Finance North American Tire from August 2002 to August 2003, and Vice President Corporate Finance from March 2000 to August 2002. Prior to joining Goodyear, Mr. Kramer was with PricewaterhouseCoopers LLP for 13 years, including two years as a partner. Mr. Kramer is also a director of Goodyear and John Carroll University and serves on the Executive Committee of the National Association of Manufacturers.

Key Qualifications, Attributes and Skills. Mr. Kramer has significant experience leading and managing a large multinational industrial company. As the former Chief Financial Officer of Goodyear, he brings extensive financial and risk management experience to our Board. Mr. Kramer s diverse range of positions at Goodyear for over 18 years provides him with significant knowledge of global markets, manufacturing, distribution, retail, finance and technology, which enables him to advise our Board on a variety of strategic and business matters.

SUSAN J. KROPF

Retired, Former President and

Chief Operating Officer,

Avon Products, Inc.

Director of Sherwin-Williams since 2003

Age: 69

Business Experience. Susan J. Kropf served as President and Chief Operating Officer of Avon Products, Inc. (global manufacturer and marketer of beauty and related products) from January 2001 until her retirement in January 2007.

Mrs. Kropf served as Executive Vice President and Chief Operating Officer, North America and Global Business Operations of Avon from December 1999 to January 2001 and Executive Vice President and President, North America of Avon from March 1997 to December 1999. Mrs. Kropf is also a director of Avon Products, Inc., Tapestry, Inc. (f/k/a Coach, Inc.) and The Kroger Co. and serves on the Board of Managers of New Avon LLC. Mrs. Kropf is a former director of MeadWestvaco Corporation.

Key Qualifications, Attributes and Skills. Mrs. Kropf has a significant amount of manufacturing and operating experience at a large consumer products company. Mrs. Kropf joined Avon in 1970, holding various positions in manufacturing, marketing and product development, and brings a meaningful global business perspective to the Board. Mrs. Kropf has extensive board experience through her service on the boards of four public companies, including Sherwin-Williams. Mrs. Kropf also has a strong understanding of executive compensation and related areas.

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JOHN G. MORIKIS

Chairman, President and Chief Executive Officer,

Sherwin-Williams

Director of Sherwin-Williams since 2015

Age: 54

Business Experience. John G. Morikis has served as President and Chief Executive Officer of Sherwin-Williams since January 2016 and Chairman of Sherwin-Williams since January 2017. Mr. Morikis served as President and Chief Operating Officer of Sherwin-Williams from October 2006 to January 2016 and President, Paint Stores Group of Sherwin-Williams from October 1999 to October 2006. Mr. Morikis joined Sherwin-Williams in 1984 as a management trainee in the Paint Stores Group and has held roles of increasing responsibility throughout his career. Mr. Morikis is also a director of Fortune Brands Home & Security, Inc. Mr. Morikis serves on the Policy Advisory Board of the Joint Center for Housing Studies of Harvard University and on the Board of Directors of the University Hospitals Ahuja Medical Center.

Key Qualifications, Attributes and Skills. Mr. Morikis has been with Sherwin-Williams for over 33 years, including nine years as President and Chief Operating Officer. He currently serves as Sherwin-Williams Chairman, President and Chief Executive Officer. His vast operating and leadership experience with Sherwin-Williams has provided him with significant, in-depth knowledge of the paint and coatings industry, as well as unique insight into the opportunities and challenges facing Sherwin-Williams. The Board benefits from his broad operating, manufacturing, retail, marketing, strategic planning and international experience.

CHRISTINE A. POON

Executive in Residence,

The Max M. Fisher College of Business

The Ohio State University

Director of Sherwin-Williams since 2014

Age: 65

Business Experience. Christine A. Poon has served as Executive in Residence at The Max M. Fisher College of Business at The Ohio State University since September 2015. Ms. Poon served as Professor of Management and Human Resources at The Max M. Fisher College of Business from October 2014 to September 2015 and Dean and John W. Berry, Sr. Chair in Business at The Max M. Fisher College of Business from April 2009 to October 2014. Prior to joining Ohio State, Ms. Poon spent eight years at Johnson & Johnson until her retirement in March 2009, most recently as Vice Chairman of the Board of Directors beginning January 2005 and Worldwide Chairman, Pharmaceuticals Group beginning August 2001. Prior to joining Johnson & Johnson, Ms. Poon held various senior leadership positions at Bristol-Myers Squibb Company over a period of 15 years, most recently as President, International Medicines Group, and President, Medical Devices Group. Ms. Poon is also a director of Prudential Financial, Inc. and Regeneron Pharmaceuticals, Inc. Ms. Poon serves on the Supervisory Board of Koninklijke Philips

N.V.

Key Qualifications, Attributes and Skills. Ms. Poon has extensive strategic and operational leadership skills due to her over 20 years of experience at Johnson & Johnson and Bristol-Myers Squibb. Ms. Poon brings significant sales and marketing expertise in domestic and international markets to the Board, providing a valuable perspective on Sherwin-Williams worldwide commercial operations.

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JOHN M. STROPKI

Retired, Former Chairman,

President and Chief Executive Officer,

Lincoln Electric Holdings, Inc.

Director of Sherwin-Williams since 2009

Lead Director since 2015

Age: 67

Business Experience. John M. Stropki served as Executive Chairman of Lincoln Electric Holdings, Inc. (manufacturer and reseller of welding and cutting products) from December 2012 until his retirement in December 2013. Mr. Stropki served as President and Chief Executive Officer of Lincoln Electric Holdings from June 2004 to December 2012 and Chairman of Lincoln Electric Holdings from October 2004 to December 2012. Mr. Stropki also served as Executive Vice President and Chief Operating Officer of Lincoln Electric Holdings from May 2003 to June 2004 and Executive Vice President of Lincoln Electric Holdings and President, North America of The Lincoln Electric Company from May 1996 to May 2003. Mr. Stropki is also a director of Hyster-Yale Materials Handling, Inc. and Rexnord Corporation. Mr. Stropki is a former director of Lincoln Electric Holdings.

Key Qualifications, Attributes and Skills. Mr. Stropki has vast management, technical, manufacturing and leadership skills at an industrial company with a long history of financial improvement. His 41 years of experience at Lincoln Electric Holdings provided him with extensive knowledge of employee development and engagement, as well as important perspectives in operating a business in global markets that are relevant to Sherwin-Williams business.

MICHAEL H. THAMAN

Chairman, President and Chief Executive Officer,

Owens Corning

Director of Sherwin-Williams since 2017

Age: 54

Business Experience. Michael H. Thaman has served as President and Chief Executive Officer of Owens Corning (developer, manufacturer and marketer of insulation, roofing and fiberglass composites) since December 2007 and Chairman of Owens Corning since April 2002. Mr. Thaman joined Owens Corning in 1992 and, before assuming his current role, held a variety of senior leadership positions, including Chief Financial Officer from April 2000 to September 2007, President of Exterior Systems from January 1999 to April 2000 and President of Engineered Pipe Solutions from January 1997 to December 1998. Mr. Thaman is a director of Owens Corning and Kohler Company. Mr. Thaman is also a member of the Business Roundtable and serves on the Policy Advisory Board of the Joint Center for Housing Studies of Harvard University. Mr. Thaman is a former director of NextEra Energy, Inc.

Key Qualifications, Attributes and Skills. Mr. Thaman brings relevant operational experience leading and managing a global manufacturing company to the Board. The Board benefits from Mr. Thaman s deep and unique understanding of the residential, construction and industrial markets. Through serving in a variety of leadership roles at Owens Corning during a 26-year career, Mr. Thaman has gained significant knowledge of global markets, operations, finance and business strategy, which enables him to advise our Board on a variety of matters relevant to Sherwin-Williams operations and business strategy.

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MATTHEW THORNTON III

Senior Vice President, US Operations,

FedEx Express

FedEx Corporation

Director of Sherwin-Williams since 2014

Age: 59

Business Experience. Matthew Thornton III has served as Senior Vice President, US Operations of FedEx Express, a subsidiary of FedEx Corporation (global transportation, business services and logistics company), since September 2006. Mr. Thornton joined FedEx Corporation in November 1978 and has held various management positions of increasing responsibility with the company, including Senior Vice President Air, Ground & Freight Services from July 2004 to September 2006 and Vice President Regional Operations (Central Region) from April 1998 to July 2004. Mr. Thornton also serves on the Board of Directors of Safe Kids Worldwide and is a member of The Executive Leadership Council (ELC).

Key Qualifications, Attributes and Skills. Mr. Thornton brings extensive management and leadership experience from a large multinational company to the Board. Through his broad range of positions at FedEx Corporation during a career exceeding 39 years, Mr. Thornton has gained significant strategic operations expertise and logistics management experience that allows him to provide the Board with a meaningful perspective on Sherwin-Williams operations and business matters.

STEVEN H. WUNNING

Retired, Former Group President,

Caterpillar Inc.

Director of Sherwin-Williams since 2015

Age: 66

Business Experience. Steven H. Wunning served as Group President and member of the Executive Office of Caterpillar Inc. (world s leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives) from January 2004 until his retirement in February 2015. Mr. Wunning joined Caterpillar in 1973 and held a variety of positions with increasing responsibility, including Vice President, Logistics Division from January 2000 to January 2004 and Vice President, Logistics & Product Services Division from November 1998 to January 2000. Mr. Wunning is also a director of Kennametal Inc., Neovia Logistics Holdings Ltd., Summit Materials, Inc. and Black & Veatch Holding Company. Mr. Wunning serves on the Board of Trustees of Missouri University of Science and Technology.

Key Qualifications, Attributes and Skills. Through his broad range of assignments and experience gained during 41 years of service at Caterpillar, Mr. Wunning developed an in-depth understanding of manufacturing, quality, product support and logistics at a leading global manufacturing company. Mr. Wunning s extensive management experience provides the Board with a valuable, independent perspective on Sherwin-Williams global manufacturing and supply chain operations.

The Board of Directors unanimously recommends that you vote FOR

Proposal 1 to fix the number of directors at 10 and to elect each of the nominees listed.

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ADDITIONAL INFORMATION ABOUT OUR DIRECTORS

Independence of Directors.

The Board has adopted categorical Director Independence Standards to assist the Board in determining the independence of each director. To be considered independent, the Board must affirmatively determine that the director has no material relationship with Sherwin-Williams. In each case, the Board broadly considers all relevant facts and circumstances, including the director s commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time. Our Director Independence Standards also include additional independence requirements for members of the Audit Committee and the Compensation Committee. A complete copy of our Director Independence Standards is attached as Appendix A.

During the Board s annual review of director independence, the Board considers transactions, relationships and arrangements between each director or an immediate family member of the director and Sherwin-Williams. The Board also considers transactions, relationships and arrangements between each director or an immediate family member of the director and our senior management. Under our Director Independence Standards, the following relationships are not considered to be material relationships that would impair a director s independence:

- if the director is a current employee, or an immediate family member of the director is a current executive officer, of another company that has made payments to, or received payments from, Sherwin-Williams for property or services in an amount which, in any of the last three fiscal years, is less than $1 million or two percent, whichever is greater, of such other company s annual gross revenues;

- if the director, or an immediate family member of the director, is an executive officer of another company which is indebted to Sherwin-Williams, or to which Sherwin-Williams is indebted, in an amount which is less than five percent of such other company s total assets;

- if the director, or an immediate family member of the director, serves as an officer, director or trustee of a not-for-profit organization, and Sherwin-Williams discretionary charitable contributions (excluding matching contributions) to the organization are less than $500,000 or five percent, whichever is greater, of that organization s annual gross revenues;

- if the director serves as a director or executive officer of another company that also uses Sherwin-Williams independent auditor;

- if the director is a member of, or associated with, the same professional association, or social, educational, civic, charitable, fraternal or religious organization or club as another Sherwin-Williams director or executive officer; or

- if the director serves on the board of directors of another company at which another Sherwin-Williams director or executive officer also serves on the board of directors (except for compensation committee interlocks).

Early this year, the Board performed its independence review for 2018. As a result of this review, the Board determined that 9 of our 10 directors and director nominees are independent. In addition, all members of the Audit Committee, the Compensation Committee and the Nominating Committee are independent. The Board determined that Mrs. Kropf, Ms. Poon and Messrs. Anton, Hodnik, Kramer, Stropki, Thaman, Thornton and Wunning meet these standards and are independent and, in addition, satisfy the independence requirements of the NYSE. Mr. Morikis is not considered to be independent because of his employment with Sherwin-Williams.

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Experiences, Qualifications, Attributes and Skills of Director Nominees.

In considering each director nominee and the composition of the Board as a whole, the Nominating Committee utilizes a diverse group of experiences, qualifications, attributes and skills, including diversity in gender, ethnicity and race, that the Nominating Committee believes enables a director nominee to make significant contributions to the Board, Sherwin-Williams and our shareholders. These experiences, qualifications, attributes and skills, which are more fully described in the following table, are set forth in a director matrix. The Nominating Committee regularly reviews the director matrix as part of its annual Board composition review, which includes a review of potential director candidates. The Nominating Committee may also consider such other experiences, qualifications, attributes and skills, as it deems appropriate, given the then-current needs of the Board and Sherwin-Williams.

	A. F. Anton	**D. F. Hodnik**	**R. J. Kramer**	**S. J. Kropf**	**J. G. Morikis**	**C. A. Poon**	**J. M. Stropki**	**M. H. Thaman**	**M. Thornton III**	**S. H. Wunning**
Management Experience Experience as a CEO, COO, President or Senior VP of a company or a significant subsidiary, operating division or business unit.										
Independence Satisfy the independence requirements of the NYSE.										
Financial Expertise Possess the knowledge and experience to be qualified as an audit committee financial expert.										
Manufacturing; Distribution Experience in, or experience in										

a senior management position responsible for, managing significant manufacturing and distribution operations.					
Technical; Research and Development Experience in, or experience in a senior management position responsible for, managing a significant technical or research and development function.					
International Operations Experience working in a major organization with global operations with a thorough understanding of different cultural, political and regulatory requirements.					
Marketing; Sales Experience in, or experience in a senior management position responsible for, managing a marketing					

and/or sales function.					
Retail Operations Experience in, or experience in a senior management position responsible for, managing retail operations.					
Minority; Diversity Add perspective through diversity in gender, ethnic background, race, etc.					

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2017 DIRECTOR COMPENSATION TABLE

The following table sets forth information regarding the compensation of our non-management directors for 2017.

Name	Fees Earned or Paid in Cash ($)[2,3]	Stock Awards ($)[4,5]	All Other Compensation ($)[6]	Total ($)
A. F. Anton	136,000	166,233	-0-	302,233
C. M. Connor[1]	38,228	-0-	-0-	38,228
D. F. Hodnik	115,000	166,233	-0-	281,233
T. G. Kadien[1]	34,000	166,233	-0-	200,233
R. J. Kramer	115,000	166,233	-0-	281,233
S. J. Kropf	115,000	166,233	-0-	281,233
C. A. Poon	130,000	166,233	-0-	296,233
J. M. Stropki	140,000	166,233	6,500	312,733
M. H. Thaman	57,500	145,066	-0-	202,566
M. Thornton III	115,000	166,233	-0-	281,233
S. H. Wunning	130,750	166,233	3,000	299,983

1 Messrs. Connor and Kadien retired as directors during 2017.

2 These amounts reflect the annual retainer, the annual retainer for the Lead Director and the annual retainers for committee chairs.

3 Mrs. Kropf, Ms. Poon and Messrs. Kadien, Kramer, Thaman and Wunning deferred payments of fees under our Director Deferred Fee Plan. Cash amounts deferred during 2017 were as follows: Mr. Kadien ($34,000), Mr. Kramer ($115,000), Mrs. Kropf ($115,000), Ms. Poon ($32,500), Mr. Thaman ($57,500) and Mr. Wunning ($130,750). These amounts were credited to either a common stock account or a shadow stock account under our Director Deferred Fee Plan. The number of shares of common stock (which includes shares acquired through the reinvestment of dividends) held under our Director Deferred Fee Plan at December 31, 2017 was as follows: Mr. Kramer (2,276), Ms. Poon (425), Mr. Thaman (158) and Mr. Wunning (1,043). The number of shares of shadow stock (which includes shares acquired through the reinvestment of dividend equivalents) held under our Director Deferred Fee Plan at December 31, 2017 was as follows: Mr. Kadien (2,428) and Mrs. Kropf (16,953).

4 These values reflect the following number of restricted stock units (RSUs) granted during 2017 to each of our non-management directors under our 2006 Stock Plan for Nonemployee Directors: 466 for Mr. Thaman and 539 for each of Mrs. Kropf, Ms. Poon and Messrs. Anton, Hodnik, Kadien, Kramer, Stropki, Thornton and Wunning. The value of RSUs is equal to the aggregate grant date fair value computed in accordance with stock-based accounting rules (Stock Compensation Topic 718 of the Accounting Standards Codification (ASC)), excluding the effect of estimated forfeitures. The grant date fair value of RSUs is based on the fair market value of our common stock (the average of the highest and lowest reported sale prices) on the grant date.

[5] The number of RSUs held by each of our non-management directors at December 31, 2017 was as follows: 466 for Mr. Thaman, 996 for Mr. Wunning and 1,015 for each of Mrs. Kropf, Ms. Poon and Messrs. Anton, Hodnik, Kadien, Kramer, Stropki and Thornton. Dividend equivalents are paid on RSUs at the same rate as dividends are paid on our common stock.

None of our non-management directors held any stock options at December 31, 2017. Stock options are not part of our director compensation program.

[6] These amounts reflect charitable matching gifts under our matching gifts and grants for volunteers program. This program is available to all full-time employees and directors, as described on the next page.

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DIRECTOR COMPENSATION PROGRAM

The Compensation Committee is responsible for reviewing and approving the compensation for our non-management directors. All of our non-management directors are paid under the same compensation program. Officers of Sherwin-Williams who also serve as directors do not receive any additional compensation for services as a director.

The Compensation Committee s practice is to engage its independent compensation consultant every other year to assess the competitiveness of the director compensation program relative to market practices, including the peer group that Sherwin-Williams uses for compensation purposes. Based upon the recommendation of Compensation Advisory Partners, the Committee approved an increase in the annual cash retainer from $110,000 to $115,000 and in the value of the annual grant of RSUs from approximately $125,000 to approximately $145,000, effective January 1, 2017.

Director Fees.

During 2017, the cash and equity compensation program for our non-management directors consisted of the following:

- an annual cash retainer of $115,000;

- an additional annual cash retainer of $25,000 for the Lead Director, $21,000 for the chair of the Audit Committee, $21,000 for the chair of the Compensation Committee and $15,000 for the chair of the Nominating Committee;

- a meeting fee of $1,750 for each Board or committee meeting attended in excess of twelve meetings during the calendar year. For purposes of calculating the number of meetings, any Board and committee meetings held within 24 hours constitute one meeting; and

- an annual grant of RSUs of approximately $145,000, valued over a prior 30-day period, under our 2006 Stock Plan for Nonemployee Directors. One RSU is equivalent in value to one share of Sherwin-Williams common stock. RSUs generally are paid out in common stock upon vesting and vest in annual increments of one-third over a period of three years. RSUs will immediately vest in the event of the death or disability of the director or in the event of a change in control of Sherwin-Williams. In the event of the retirement of the director, RSUs will continue to vest in accordance with the original three-year vesting schedule.

We reimburse all directors for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the Board and its committees. We do not provide retirement benefits to our non-management directors.

Director Stock Ownership Requirement.

The Board has established a minimum share ownership requirement to ensure that the interests of our directors are aligned with the interests of our shareholders. Each director who has served on the Board for at least five years is required to own shares of common stock equal in value to at least seven times the annual Board cash retainer.

Other Benefits.

We also provide liability insurance and business travel accident insurance for all directors, including $300,000 accidental death and dismemberment coverage and $300,000 permanent total disability coverage, while the directors are traveling on Sherwin-Williams business.

Directors may also receive the same discounts as our employees on the purchase of products at Sherwin-Williams stores and are eligible to participate in our matching gifts and grants for volunteers program on the same basis as employees.

Directors may defer all or a part of their retainer and meeting fees under our Director Deferred Fee Plan into a common stock account, a shadow stock account or an interest bearing cash account.

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Amounts deferred may be distributed either in annual installments over a period of up to ten years or in a lump sum pursuant to a director s payment election. Amounts credited to a shadow stock account are distributed in cash.

BOARD MEETINGS AND COMMITTEES

The Board held seven meetings during 2017. Each incumbent director attended at least 75% of all of the meetings of the Board and committees on which he or she served. Under our Corporate Governance Guidelines, each director is expected to attend, absent unusual circumstances, all meetings of shareholders. All directors attended the 2017 Annual Meeting.

The Board has established an Audit Committee, a Compensation Committee and a Nominating Committee. Each committee has adopted a written charter. You may find a complete copy of each charter in the Corporate Governance section on the Investor Relations page of our website at www.sherwin.com.

Committee Membership.

The following table sets forth the current membership and the chairs of the committees of the Board.

Name	Audit	Compensation and Management Development	Nominating and Corporate Governance
A. F. Anton	**Chair**		
D. F. Hodnik			
R. J. Kramer			
S. J. Kropf			
C. A. Poon			**Chair**
J. M. Stropki			
M. H. Thaman			
M. Thornton III			
S. H. Wunning		**Chair**	

Audit Committee.

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities on matters relating to:

- the integrity of our financial statements and effectiveness of our internal control over financial reporting;
- the independence, qualifications and performance of the independent registered public accounting firm;
- the performance of our internal audit function;

- our compliance with legal and regulatory requirements; and

- engaging in such other matters as may from time to time be specifically delegated to the Audit Committee by the Board.

The Audit Committee met five times during 2017. Each member of the Audit Committee is independent under applicable SEC rules, NYSE listing standards and our Director Independence Standards. The Board has determined that Ms. Poon and Messrs. Anton and Kramer are audit committee financial experts under SEC rules.

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Compensation and Management Development Committee.

The purpose of the Compensation and Management Development Committee is to assist the Board in fulfilling its oversight responsibilities on matters relating to:

- compensation for our directors and management, which includes our executive officers;
- overseeing our management succession planning; and
- engaging in such other matters as may from time to time be specifically delegated to the Compensation Committee by the Board.

As part of its charter, the Compensation Committee reviews and evaluates our programs, priorities and progress for recruiting, staffing, developing and retaining competent managers, including management succession planning for our CEO and other executives.

The Compensation Committee met four times during 2017. Each member of the Compensation Committee meets the independence requirements under applicable SEC rules, NYSE listing standards and our Director Independence Standards.

Process for Determining Director and Executive Compensation. The Compensation Committee reports to the Board on all compensation matters regarding our directors, executives and other key employees. The Compensation Committee does not generally delegate any of its authority to other persons, although it has the power to delegate authority to subcommittees and officers. The Compensation Committee relies upon several members of our management and their staff, as well as an outside compensation consultant, for assistance in performing its duties.

The Compensation Committee has engaged Compensation Advisory Partners as its outside compensation consultant reporting directly to the Compensation Committee. The Compensation Committee has evaluated the independence of Compensation Advisory Partners taking into account all factors relevant to its independence from management under applicable SEC rules and NYSE listing standards. Based upon that evaluation, the Compensation Committee determined Compensation Advisory Partners is independent. In addition, the Compensation Committee conducted an assessment to evaluate whether the work performed by Compensation Advisory Partners raises a conflict of interest. Based upon that assessment, the Compensation Committee determined that no conflict of interest exists.

Role of the Compensation Consultant. The compensation consultant performs services for the Compensation Committee relating to director and executive compensation, including the following:

- attends Compensation Committee meetings to present and offer independent recommendations, insights and perspectives on compensation matters;
- assesses the appropriateness of our peer group used for compensation decisions;

assesses how our executive compensation program aligns with pay for performance;

reviews compensation levels for executives and non-management directors relative to our peer group and published survey data and recommends compensation pay levels;

reviews targeted pay levels and the mix of principal compensation components;

prepares CEO pay recommendations;

advises on annual and long-term incentive design and plan structure, performance goals, award opportunities and vesting conditions;

conducts an annual risk assessment of our compensation programs; and

provides information on current executive compensation trends and new developments.

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The Compensation Committee meets multiple times throughout the year with the compensation consultant in executive session without management present.

From time to time, the compensation consultant may provide services to Sherwin-Williams, in addition to services related to director and executive compensation. During 2017, the compensation consultant did not provide any such additional services to Sherwin-Williams.

Role of Management. Several members of our management participate in the Compensation Committee s executive compensation process. The Compensation Committee relies upon our Senior Vice President Human Resources (SVP HR) and his staff for input related to director and executive compensation matters. With regard to executive compensation, management plays a more active role in the compensation process and makes recommendations with respect to:

- the development of compensation plans and programs, and changes to existing plans and programs;
- the evaluation of executive performance;
- salary increases;
- the performance goals (and weightings) for annual cash incentive compensation;
- the financial performance goals for equity grants and the results attained; and
- the number of stock options and RSUs granted.

Prior to providing recommendations to the Compensation Committee at its meetings, our SVP HR will meet with our CEO to review the recommendations, except for recommendations concerning our CEO s compensation. Our CEO and our SVP HR also meet with the chair of the Compensation Committee and the compensation consultant prior to meetings to review the agenda for the meetings and the compensation recommendations. Our CEO and our SVP HR generally attend all Compensation Committee meetings. Our CEO does not have the ability to call meetings. Our SVP HR serves as secretary for the Compensation Committee at its meetings. Our CEO is excused from that part of the meeting during which the Compensation Committee discusses his annual performance evaluation and compensation.

Nominating and Corporate Governance Committee.

The purpose of the Nominating Committee is to assist the Board in fulfilling its oversight responsibilities on matters relating to:

- identifying individuals qualified to become members of the Board;

- determining the composition of the Board and its committees;
- reviewing and developing our Corporate Governance Guidelines and practices;
- guiding the annual evaluation of the performance of the Board; and
- engaging in such other matters as may from time to time be specifically delegated to the Nominating Committee by the Board.

The Nominating Committee met three times in 2017. Each member of the Nominating Committee is independent under NYSE listing standards and our Director Independence Standards.

Director Qualifications. The Nominating Committee seeks a diverse group of candidates who possess the appropriate experiences, qualifications, attributes and skills to make a significant contribution to the Board, Sherwin-Williams and our shareholders. The Nominating Committee seeks input from senior management and other members of the Board to identify and evaluate potential director candidates. Each candidate is evaluated in the context of the Board as a whole, with the

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objective that the Board can best perpetuate our company s success and represent shareholders interests through the exercise of sound business judgment using the directors diversity of experiences, qualifications, attributes and skills, including diversity in gender, ethnicity and race. Each candidate shall have the highest personal and professional character and integrity and shall have demonstrated exceptional ability and judgment in his or her respective endeavors. Candidates must possess sufficient time to effectively carry out their duties and responsibilities.

The Nominating Committee may employ professional search firms (for which it would pay a fee) to assist it in identifying potential members of the Board.

Diversity of Director Nominees. In considering the composition of the Board as a whole, the Nominating Committee utilizes a diverse group of experiences, qualifications, attributes and skills, including diversity in gender, ethnicity and race, as described under the heading Experiences, Qualifications, Attributes and Skills of Director Nominees. The Nominating Committee utilizes these factors when identifying, considering and recommending director nominees. On an ongoing basis, the Nominating Committee reviews the experiences, qualifications, attributes and skills of potential director candidates as part of its process of identifying individuals qualified to become Board members and recommending director nominees. The Nominating Committee also regularly reviews the experiences, qualifications, attributes and skills of current directors. The Nominating Committee utilizes these reviews, as well as its committee self-assessment questionnaires, to assess the Nominating Committee s overall effectiveness in recommending a diverse group of director nominees as a whole.

Consideration of Candidates Recommended by Shareholders. The Nominating Committee s policy with respect to the consideration of director candidates recommended by shareholders is that the Nominating Committee will consider such candidates on the same basis and in the same manner as it considers all director candidates. Recommendations are required to include the following information:

- the name and address of the shareholder;
- the number of shares of common stock owned by the shareholder;
- a description of all arrangements or understandings between or among any of (a) the shareholder, (b) each candidate and (c) any other person or persons pursuant to which the recommendation is being made;
- the candidate s full name, address and telephone numbers;
- a statement of the candidate s qualifications and experiences, and any other relevant qualities;
- the information that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of the candidate as a director;

a statement, signed by both the shareholder and the candidate, (a) that the shareholder and the candidate currently do not have, and in the prior three years have not had, directly or indirectly, any business, professional or other relationship with each other, and that the shareholder and the candidate do not have any agreement, arrangement or understanding with each other with respect to the candidate s proposed service as a director, or (b) if either of the foregoing statements is incorrect in any manner, describing in detail the relationship, agreement, arrangement or understanding;

the candidate s resume, a list of other boards of directors of public companies on which the candidate currently serves or has served in the past five years, educational information and at least three references; and

a written statement signed by the candidate agreeing that if he or she is nominated by the Board, he or she will (a) be a nominee for election to the Board, (b) provide all information necessary to be included in Sherwin-Williams proxy statement under applicable SEC or NYSE rules and (c) serve as a director if he or she is elected by shareholders.

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You may find a complete description of these requirements under Procedures for Shareholders to Recommend Director Candidates in the Corporate Governance section on the Investor Relations page of our website at www.sherwin.com. Shareholders may submit recommendations, along with proof of shareholder status, in writing to Chair, Nominating and Corporate Governance Committee, c/o Corporate Secretary, The Sherwin-Williams Company, 101 West Prospect Avenue, 12th Floor, Midland Building, Cleveland, Ohio 44115.

AUDIT COMMITTEE REPORT

Management has the primary responsibility for the integrity of Sherwin-Williams financial information and the financial reporting process, including the system of internal control over financial reporting. Ernst & Young LLP, Sherwin-Williams independent registered public accounting firm, is responsible for conducting independent audits of Sherwin-Williams financial statements and the effectiveness of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and expressing an opinion on the financial statements and the effectiveness of internal control over financial reporting based upon those audits. The Audit Committee is responsible for overseeing the conduct of these activities by management and Ernst & Young LLP.

As part of its oversight responsibility, the Audit Committee has reviewed and discussed the audited financial statements, the adequacy of financial controls and the effectiveness of Sherwin-Williams internal control over financial reporting with management and Ernst & Young LLP. The Audit Committee also has discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees,* as adopted by the PCAOB. The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding the independent accountant s communications with the audit committee concerning independence. The Audit Committee also has discussed with Ernst & Young LLP the firm s independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Sherwin-Williams Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

A. F. Anton, Chair

R. J. Kramer

C. A. Poon

M. Thornton III

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COMPENSATION RISK ASSESSMENT

The Compensation Committee annually assesses the risks related to our compensation policies and practices. In July 2017, the Compensation Committee engaged Compensation Advisory Partners to conduct a comprehensive risk assessment of our incentive compensation programs, plans and policies. This assessment included a review of the Valspar incentive plans that we agreed to maintain following the closing of the Valspar Transaction. Compensation Advisory Partners presented the risk assessment to the Compensation Committee.

Based upon the assessment, the Compensation Committee and Compensation Advisory Partners concluded that our compensation policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on Sherwin-Williams. The following factors help mitigate against employees taking excessive or unnecessary risks.

- We utilize a balanced approach to compensation, which combines fixed and variable, short-term and long-term, and cash and equity.

- We have diversified incentive compensation metrics with performance goals focused on growth, profitability and managing capital at different levels within our company.

- We design our incentive compensation plans without steep payout cliffs that might encourage short-term business decisions that are inconsistent with our long-term business strategy.

- Performance incentives are capped at maximum payout amounts.

- We grant equity awards annually, with appropriate vesting periods, that encourage consistent behavior and reward long-term, sustained performance.

- Our equity plans include a double-trigger acceleration provision with respect to vesting in connection with a change in control.

- We have significant stock ownership guidelines.

- We regularly benchmark our current compensation practices, policies and pay levels against peer companies and have a pay philosophy that targets median market compensation.

- We have stringent restrictions on the hedging and pledging of our securities by executives and other employees.

The Compensation Committee reviews tally sheets for our named executives that provide a holistic view of each executive s compensation.

We have a clawback and recapture policy allowing us to clawback incentive compensation earned by executives and key employees.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Sherwin-Williams Annual Report on Form 10-K for the year ended December 31, 2017 and this Proxy Statement.

COMPENSATION AND MANAGEMENT

DEVELOPMENT COMMITTEE

S. H. Wunning, Chair

D. F. Hodnik

S. J. Kropf

J. M. Stropki

M. H. Thaman

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Named Executive Officers. This Compensation Discussion and Analysis describes our executive compensation program and how it applies to our five named executives listed below.

John G. Morikis. Mr. Morikis has served as President and CEO since January 2016 and Chairman since January 2017. Mr. Morikis began his career with Sherwin-Williams in December 1984.

Allen J. Mistysyn. Mr. Mistysyn has served as our Senior Vice President Finance and Chief Financial Officer since January 2017, prior to which he served as Senior Vice President Finance. He began his career with Sherwin-Williams in June 1990.

Sean P. Hennessy. Mr. Hennessy retired on March 2, 2018 as our Senior Vice President Corporate Planning, Development and Administration. He served as Senior Vice President Finance and Chief Financial Officer from August 2001 through December 2016 and started his career with Sherwin-Williams in September 1984.

Robert J. Davisson. Mr. Davisson retired on February 16, 2018, having served most recently as President, The Americas Group, a position he had held since August 2014. He began his career with Sherwin-Williams in April 1986.

Joel D. Baxter. Mr. Baxter has served as our President & General Manager, Global Supply Chain Division, Consumer Brands Group (f/k/a Consumer Group) since September 2008. He has been employed with Sherwin-Williams since September 1990.

Executive Summary

We manage our business with the long-term fundamental objective of creating and maximizing value for our shareholders. Our pay for performance philosophy supports this objective by linking compensation realized to financial and stock price performance. Our compensation programs are designed to drive sustainable results and deliver long-term, superior shareholder returns. A significant percentage of our executive compensation program is tightly linked to company performance, business unit performance (where applicable) and stock price appreciation.

Our compensation programs are integral to our longstanding success as they assist us in attracting, retaining and motivating talented and high-performing people throughout our organization who drive consistent and strong financial and operating results. Our long track record of sustained success is exemplified by the following:

Our average annual shareholder return, including dividends, over the past 10 years is 23.5%, compared to the average annual return for the S&P 500 of 8.5%.

2017 was our 39th consecutive year of increased dividends, as we continued our practice of returning significant value to our shareholders. During 2017, we returned $319 million to our shareholders through dividends. Over the past three years, we have returned approximately $1.91 billion in cash to shareholders through dividends and repurchases of our stock.

2017 Financial and Operating Highlights. 2017 was a transformative year for Sherwin-Williams. On June 1, 2017, we completed the Valspar Transaction. The Valspar Transaction has accelerated our global growth strategy and has made us a more diversified and more global leader in the paint and coatings industry. Since completing the Valspar Transaction, we have made significant progress on our integration efforts across businesses, functions and geographies. During 2017, we achieved annualized run rate synergy savings of $230 million (synergy savings), compared to our target of $180 million, and increased our 2020 long-term run rate synergy target to a range of $385 $415 million from our original target of $320 million.

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2017 was also a year of many financial milestones, including record net sales of $14.98 billion. 2017 diluted net income per share from continuing operations was a record $19.11. Net income from continuing operations increased to $1.81 billion, also a record. We generated net operating cash of $1.88 billion in 2017.

The following graph shows our company s performance for key financial measures over the past three-year period. Please also see our consolidated financial statements and notes included in our 2017 Annual Report.

[1] 2017 includes Valspar sales since June 1, 2017.

[2] 2017 includes the following: (a) one-time income tax benefit of $668.8 million from Deferred income tax reductions (see Note 14 of our consolidated financial statements included in our 2017 Annual Report), (b) after-tax acquisition related costs and purchase accounting adjustments of $285.1 million, and (c) after-tax contribution from Valspar operations of $76.0 million. 2016 includes after-tax acquisition-related costs of $81.5 million.

[3] 2017 includes the following: (a) one-time benefit of $7.04 per share from Deferred income tax reductions (see Note 14 of our consolidated financial statements included in our 2017 Annual Report), (b) charge of $3.00 per share for acquisition-related costs and purchase accounting impacts, and (c) $.80 per share contribution from Valspar operations. 2016 includes a charge of $.86 per share for acquisition-related costs.

Recent Key Compensation Decisions. Highlights of recent key executive compensation decisions made by our Compensation Committee include the following:

Impact of Valspar Transaction on 2017 Annual Cash Incentive Compensation Program. In early 2017, the anticipated completion of the Valspar Transaction, together with the importance of integrating Valspar into our business and capitalizing on the resulting benefits and synergies, led the Compensation Committee to design our 2017 executive compensation program to appropriately incentivize our executives and other key employees. In light of uncertainties regarding the timing of the closing of the Valspar Transaction due to regulatory approvals, the Compensation Committee designed the 2017 executive compensation program to achieve both core Sherwin-Williams goals and, following the closing of the Valspar Transaction, combined company goals. For our 2017 annual cash incentive compensation program, the Compensation Committee approved formulae and metrics to drive the achievement of core Sherwin-Williams and combined company financial and operating goals, including net sales, earnings per share (EPS), free cash flow and synergy savings (specifically focusing on the important task of achieving cost savings and efficiencies required for the successful integration of Valspar).

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2017 Annual Cash Incentive Performance. Our named executives earned an average of 172.9% of their 2017 target annual cash incentive compensation.

2015 2017 Long-Term Equity Incentive Performance. 157% of the target number of performance-based RSUs for the 2015 2017 performance period vested based upon above-target company performance for cumulative EPS over the three-year performance period.

Appointment of Mr. Mistysyn as Chief Financial Officer. In setting Mr. Mistysyn s 2017 compensation for his new role, the Compensation Committee engaged the services of its independent compensation consultant, Compensation Advisory Partners. Mr. Mistysyn s (a) annual base salary was increased to $600,002 and (b) target and maximum award levels under our annual cash incentive compensation program were increased to 80% and 160%, respectively, of his annual salary.

New Peer Group. In light of Sherwin-Williams increased size, geographic scope and complexity following the Valspar Transaction, the Compensation Committee reviewed the continued appropriateness of our peer group. Based upon the recommendation of Compensation Advisory Partners, the Compensation Committee removed five companies from and added seven companies to the peer group that was in place at the beginning of 2017 (the prior peer group). Because these changes were approved mid-2017 after the Valspar Transaction closed, most of the 2017 executive compensation decisions were made earlier in the year using the prior peer group (which is described on page 39 of last year s Proxy Statement for our 2017 Annual Meeting).

Independent Compensation Consultant. The Compensation Committee assessed the independence of Compensation Advisory Partners under applicable SEC rules and NYSE listing standards. The Compensation Committee determined that Compensation Advisory Partners is independent and that its work raises no conflicts of interest. Compensation Advisory Partners did not provide any services to Sherwin-Williams during 2017 other than those matters for which it was engaged by the Compensation Committee.

Relationship Between Pay and Performance. Our executive compensation program combines different elements of compensation. As a result, the total amount of executive compensation paid is not directly tied to any one measure or component of compensation. We believe this approach assists us in viewing performance holistically and helps mitigate the risk of over-emphasizing any one metric. That said, a significant portion of our executive compensation program is tied to the value of our stock, which we believe is critical to ensuring that we deliver value to shareholders. Our executives only realize the full value of their compensation if our shareholders also realize value.

Each year, the Compensation Committee assesses our CEO s compensation in light of Sherwin-Williams performance relative to its peers. In October 2017, the Compensation Committee analyzed the relationship between the realizable pay of our CEO and total shareholder return (TSR) over the five-year period ended December 31, 2016, comparing Sherwin-Williams to the prior peer group. The Compensation Committee used 2016 information, as it was the most recent year for which compensation information was available for the prior peer group. TSR includes the reinvestment of dividends and is calculated on a compounded annual growth rate basis.

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The following chart, prepared by Compensation Advisory Partners, shows the degree of alignment between the total realizable pay of our CEO and Sherwin-Williams TSR relative to the prior peer group over the five-year period. Sherwin-Williams cumulative TSR over the five-year period was 218%, which was higher than all but three companies in the prior peer group. Peer group companies are indicated by the diamonds in the chart. Companies that fall within the shaded diagonal alignment zone are generally viewed as having pay and performance alignment. As illustrated below, our CEO s realizable pay was well aligned with Sherwin-Williams performance.

PAY FOR PERFORMANCE ALIGNMENT

CEO REALIZABLE PAY AND TSR

Realizable pay includes: (a) base salary during the five-year period; (b) actual cash incentive compensation earned during the five-year period; (c) the value of time-based restricted stock and RSUs granted during the five-year period based on the 2016 year-end closing stock price; (d) the vesting date value of long-term performance equity awards that were earned in 2014, 2015 and 2016; (e) the value of target long-term performance equity awards granted in 2015 and 2016 based on the 2016 year-end closing stock price; and (f) the in-the-money value of stock options granted during the five-year period based on the 2016 year-end closing stock price. Valuing equity awards in this manner is different from valuing equity awards at their aggregate grant date fair value, which is the method used in the Summary Compensation Table and the 2017 Grants of Plan-Based Awards Table.

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Overview of Executive Compensation Practices. Our compensation programs, practices and policies are reviewed and evaluated on an ongoing basis. We modify our compensation programs to address evolving best practices and changing regulatory requirements, as well as in contemplation of significant events, such as the Valspar Transaction. We list below some of the more significant best practices we have adopted, and the practices we have avoided, which we believe demonstrate our commitment to responsible pay and governance principles and alignment with shareholder interests.

What We Do	***What We Don t Do***
Performance-Based Pay. We emphasize pay for performance. For 2017, an average of 80% of the principal compensation components for our named executives (90% for our CEO) were tied to performance.	*No Employment Agreements*. We do not have employment agreements with our named executives. Our named executives are employed at will.
Independent Compensation Committee. Each member of the Compensation Committee meets the independence requirements under SEC rules and NYSE listing standards.	*No Current Dividends for Unvested Performance-Based Awards*. Dividends and dividend equivalents on performance-based equity awards are deferred and paid only on earned shares.
Independent Compensation Consultant. The Compensation Committee uses an independent compensation consultant, who provided no other services to our company during 2017.	*No Repricing or Replacing of Underwater Stock Options*. We do not permit the repricing or replacing of underwater stock options without shareholder approval.
Balanced Compensation Structure. We utilize a balanced approach to compensation, which combines fixed and variable, short-term and long-term, and cash and equity.	*No Hedging*. Directors, executives and other employees are prohibited from engaging in hedging transactions with respect to our securities.
Target Median. We have a pay philosophy that targets median market compensation. We assess our current compensation practices, policies and pay levels against peer companies.	*No Pledging*. Directors and executives may not hold our securities in margin accounts or otherwise pledge our securities as collateral for a loan.
Responsibly Administered Incentive Compensation Programs. We have diversified incentive compensation goals without steep payout cliffs. Vesting periods for annual equity awards encourage consistent behavior and reward long-term, sustained	*No Speculative Trading*. Directors and executives may not engage in short sales of our securities or in put options, call options or other market-offered derivative transactions in our stock.

performance.

Clawback and Recapture Policy. Our clawback and recapture policy allows us to clawback incentive compensation earned by our executives and key employees.	_No Excessive Perquisites_. Consistent with our culture, we provide only limited perquisites to our executives.
Double-Trigger Change in Control. Our stock plan contains a double-trigger acceleration provision for the vesting of equity awards upon a change in control.	_No Excessive Risk-Taking_. We conducted a risk assessment and concluded that our compensation policies do not encourage excessive or unnecessary risk-taking.
Significant Stock Ownership. Our directors and executives have significant stock ownership and stock ownership requirements.	_No Above-Market Earnings on Deferred Compensation_. We do not pay guaranteed, above-market or preferential interest or earnings on deferred compensation.

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Impact of Last Year s Say-on-Pay Vote and Say-on-Pay Frequency Vote. At last year s Annual Meeting, our shareholders approved the compensation of our named executives with a substantial majority of shareholders (96.1% of votes cast) voting in favor. We consider this vote to be a strong endorsement of our executive compensation program, practices and policies. Based upon the strong shareholder support, the Compensation Committee does not believe our executive compensation program requires material changes. However, the Compensation Committee has made, and will continue to make, changes designed to further enhance the objectives of our program, as well as to address significant events, such as the Valspar Transaction.

We also held a say-on-pay frequency vote at our 2017 Annual Meeting. 90.6% of votes cast voted in favor of continuing to hold annual say-on-pay votes. Following our 2017 Annual Meeting, the Board determined that we would continue to hold the advisory say-on-pay vote annually until the next shareholder vote on say-on-pay frequency.

The Compensation Committee highly values the input of our shareholders. The Compensation Committee will continue to consider the views of our shareholders in connection with our executive compensation program, including the results of the 2018 say-on-pay vote. We will make improvements based upon evolving best practices, developments in our business, market compensation information and changing regulatory requirements. We encourage you to support this year s say-on-pay proposal.

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Overview of Our Executive Compensation Program

The Compensation Committee.

The Compensation Committee, which is comprised entirely of independent directors, oversees our executive compensation program. The Compensation Committee reports to the Board on all compensation matters for members of our senior management team, including our named executives. The Compensation Committee has engaged Compensation Advisory Partners as its independent compensation consultant in order to fulfill its responsibilities. We include additional information about the Compensation Committee, including the role of the compensation consultant and management in the compensation setting process, under the heading Board Meetings and Committees Compensation and Management Development Committee.

Compensation Objectives.

We design and manage our company-wide compensation programs to align with our overall business strategy and to focus our employees on delivering sustained financial and operating results and creating value for our shareholders on a consistent long-term basis. We believe it is important that our compensation programs:

- *Be competitive*. Our programs are designed to attract, retain and motivate talented and high-performing people at all levels of our company around the world. We structure our compensation programs to be competitive with the programs of companies of comparable size and business.

- *Maintain a performance and achievement-oriented culture*. A significant percentage of our employees participate in incentive plans tied to clear, pre-established performance goals that support our business strategies. We utilize both annual and long-term incentives to appropriately balance consistent annual results with improved performance over the longer term. We select performance goals that are sufficiently demanding, support our financial and operating objectives and help drive our business. We reward employees for achieving and exceeding performance goals, without creating a sense of entitlement or encouraging unnecessary or excessive risk-taking.

- *Align the interests of our executives with those of our shareholders*. It is important that a significant portion of our executives incentive compensation be directly tied to the price of our stock in order to align the financial interests of our executives with the interests of our shareholders and keep our executives focused on sustained financial performance. In addition, we have implemented significant stock ownership requirements for our executives described below under the heading Other Arrangements, Policies and Practices Stock Ownership Guidelines.

We believe our compensation programs achieve these goals.

Components of Compensation.

The components of our standard executive compensation program, the primary purpose of each component and the form of compensation for each component are described in the following table.

Component	Primary Purpose	Form of Compensation
Base Salary	Provides base compensation for day-to-day performance of job responsibilities.	Cash
Annual Cash Incentive Compensation	Rewards performance during the year based on the achievement of annual performance goals.	Cash
Long-Term Equity Incentive Compensation	Encourages improvement in the long-term performance of our company and aligns the financial interests of our executives with the interests of our shareholders.	Stock options, which vest in equal installments on the first, second and third anniversary of grant with a ten-year term. Performance-based RSUs, which vest at the end of a three-year period based upon the achievement of pre-established financial performance goals and paid in stock.
Other Employee and Executive Benefits	Provides a broad-based executive compensation program for employee retention, retirement and health.	Retirement and savings programs, health and welfare programs, and employee benefit plans, programs and arrangements generally available to all employees; annual executive physical exam; executive life insurance and executive long-term disability plans.

Mix of Compensation Components.

We compensate our named executives by using a balanced approach, which combines elements that vary by the (a) type of compensation (fixed and performance-based), (b) length of the performance period (annual and long-term) and (c) form of compensation (cash and equity). We believe this mix aligns with our business strategies and emphasizes pay for performance. We determine this mix by reviewing market compensation information. We do not have a specific policy for the allocation of compensation between fixed and performance-based, annual and long-term, and cash and equity.

We manage our business with the long-term goal of creating and maximizing shareholder value. Accordingly, a significant percentage of the compensation opportunity of each named executive is variable, at risk and tied to company or business unit performance, including stock price appreciation. The following chart illustrates the mix of the key compensation components for our named executives for 2017. The percentages reflect the amounts of 2017 base salary, targeted annual cash incentive compensation and the aggregate grant date fair values of stock options and RSUs granted in 2017.

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MIX OF KEY PAY COMPONENTS

Peer Group.

The Compensation Committee utilizes a peer group of companies to assess whether our executive compensation program is competitive in the market. The compensation consultant annually identifies the compensation paid to named executives with similar roles and responsibilities at a group of chemical, industrial, manufacturing and retail companies with comparable sales that are considered to be our peers. The compensation consultant also compiles compensation data derived from broad-based surveys of industrial companies of similar size to us. These surveys are sponsored by nationally recognized compensation consulting firms. We, along with many of our peer group companies, participate in these surveys.

We monitor compensation paid at these peer group companies because their size and business make them most comparable to us. We also believe these companies likely compete with us for executive talent. The compensation consultant annually reviews current and potential peer companies and recommends changes primarily based upon revenue size, market capitalization, industry, business description/mix and brand recognition. The Compensation Committee periodically evaluates and, if necessary, adjusts the composition of our peer group to ensure it remains the most relevant group of companies to use for compensation purposes.

In connection with the Valspar Transaction, the Compensation Committee reviewed the continued appropriateness of the prior peer group that was in place at the beginning of 2017. Specifically, the Compensation Committee considered that pro-forma combined 2016 revenues of Sherwin-Williams and Valspar would have ranked Sherwin-Williams in the 81st percentile of the prior peer group. Accordingly, following the Valspar Transaction, and based upon the recommendation of the compensation consultant, the Compensation Committee removed five companies from and added seven companies to the prior peer group, as follows:

- Ashland Global Holdings Inc., Celanese Corporation, Crown Holdings, Inc. and The Mosaic Company were removed because they were among the smallest companies (by revenue) in the prior peer group. Valspar was removed due to the acquisition.

- Cummins Inc., Deere & Company, Eaton Corporation plc, Honeywell International Inc., Johnson Controls International plc, LyondellBasell Industries N.V. and 3M Company were added because their size and industry make them more comparable to Sherwin-Williams following the Valspar Transaction.

Because these changes to our peer group were adopted in mid-2017 after the Valspar Transaction closed, they did not largely affect most of the 2017 executive compensation decisions, which were made earlier in the year using the prior peer group.

Following these changes, our new peer group now consists of the 24 companies listed below. 2016 annual revenues for the companies in the new peer group ranged from approximately $7.4 billion to $39.3 billion, with Sherwin-Williams ranking approximately in the 62nd percentile in annual revenues (based upon pro-forma combined 2016 revenues of $15.8 billion for the Sherwin-Williams/Valspar combined company).

Air Products and Chemicals, Inc.	Ecolab Inc.	Mohawk Industries, Inc.
Akzo Nobel N.V.	Honeywell International Inc.	Monsanto Company
Ball Corporation	Huntsman Corporation	Newell Brands Inc.
Colgate-Palmolive Company	Illinois Tool Works Inc.	PPG Industries, Inc.
Cummins Inc.	Johnson Controls International plc	Praxair, Inc.
Deere & Company	Kimberly-Clark Corporation	Stanley Black & Decker, Inc.
Eastman Chemical Company	LyondellBasell Industries N.V.	3M Company
Eaton Corporation plc	Masco Corporation	Whirlpool Corporation

Use of Market Compensation.

The compensation consultant calculates an average of (a) the compensation available at companies in our peer group (using the most recent proxy data) and (b) the average compensation derived from the broad-based surveys. We refer to this average as market compensation, which provides the Compensation Committee with a framework to evaluate the competitiveness of our executive compensation program, as well as assistance in determining the mix of compensation components and target compensation levels. We generally benchmark target compensation paid to our named executives within a general range (plus or minus approximately 15%) of the median market compensation of comparable positions, although we do not have a formal policy of setting target compensation levels at a specific percentile of the median market. We benchmark against market compensation because it allows us to attract and retain executives and helps us to manage the overall cost of our compensation program. We consider this information only as a reference point or as a framework, not as a determining factor or part of any arithmetic formula, in setting compensation. The policies we use to make compensation decisions, and the decisions we make, are materially similar for all named executives. These policies and decisions result in higher compensation levels for our CEO, primarily based upon the higher market compensation for CEOs.

The compensation consultant annually provides the Compensation Committee with a comprehensive analysis of market compensation, which includes base salary, annual cash incentive compensation, long-term equity incentive compensation, total annual cash compensation and total direct compensation. We define total direct compensation as the sum of base salary, annual cash incentive compensation and long-term equity incentive compensation. We review total direct compensation to help us determine whether the key compensation components we pay our executives are competitive in the aggregate.

The Compensation Committee generally compares each named executive s base salary, annual cash incentive compensation, long-term equity incentive compensation, total annual cash compensation and total direct compensation to the median market compensation. Individual components may be more or less than median market compensation because we focus on the overall competitiveness of our entire compensation program. Judgment and discretion may be used to adjust a component of compensation above or below the median market for reasons such as an executive s performance, responsibilities, experience and tenure, our company-wide performance and internal pay equity.

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The following table sets forth the projected total direct compensation for each named executive as a percentage of the median market total direct compensation. For purposes of this table, projected total direct compensation includes 2018 base salary, 2018 targeted annual cash incentive compensation, stock options granted in 2017 and the targeted value of performance-based RSUs granted in early 2018. Projected total direct compensation is not shown for Messrs. Hennessey and Davisson, who both retired from Sherwin-Williams in early 2018.

Name	Projected Targeted Total Direct Compensation as a Percentage of Market Compensation
J. G. Morikis	100%
A. J. Mistysyn	85%
S. P. Hennessy	
R. J. Davisson	
J. D. Baxter	108%

The actual amounts we pay our named executives may vary from the targeted amounts set forth above based upon the achievement of company and business unit performance goals. The Compensation Committee did not increase or decrease the amount of any compensation component based upon the amount of any other compensation component or its review of projected targeted total direct compensation.

Key Components of Our Executive Compensation Program

Base Salary.

Salary Ranges. Salary is the only key compensation component that is not at-risk. Each executive position at our company is assigned a salary grade. Salary grades are designed to be competitive and recognize different levels of responsibility within our company. Each salary grade corresponds to a salary range, with minimum and maximum amounts, that we review against market base salaries based upon the applicable position and level of responsibility. The midpoint of the salary range generally approximates the median market salary paid for an equivalent or similar position. The Compensation Committee reviews and approves the base salary of each executive annually and at other times in connection with a promotion or other change in responsibility, as appropriate. Annual base salary increases generally are effective early each year.

Annual salary increases are based, in part, on the overall annual salary budget guidelines for our company. We adopt annual salary guidelines for all of our employees as part of our annual budgeting process, which includes a range of merit salary increases. The maximum amount of the range is equal to the amount necessary to increase the salary of an employee (whose salary is below median market for his or her position, but who receives the highest performance rating) toward the median market salary for his or her position. For 2017 and 2018, we adopted an overall merit budget for annual salary increases of 2.5%, with possible merit increases ranging from 0% to 5%.

Annual Performance Appraisals. All salaried employees, including our named executives, undergo an annual performance appraisal. Each named executive s performance for the prior year is evaluated by his or her direct supervisor and reviewed by our CEO. For the evaluation of our CEO, each non-management director provides ratings and comments for the following categories: performance results, business strategy, developing a management team and leadership. The results are reviewed by the Compensation Committee and by the non-management directors in executive session.

As part of this annual performance appraisal, each named executive is assigned a performance rating that corresponds to a merit increase. The performance rating is based upon the executive s

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performance results (i.e., accomplishment of incentive performance goals, financial accomplishments and other contributions) and leadership (including work ethic and strategic contributions). These factors are not quantified or weighted. Instead, discretion and subjective judgment are used in assessing those factors in a qualitative manner. In any one year, any one factor or group of factors may play a larger role in determining the performance rating compared to any previous year.

2017 and 2018 Base Salaries. The Compensation Committee approved salary increases for 2017 and 2018 for our named executives, as set forth in the table below. Salary increases for Messrs. Morikis, Mistysyn and Baxter moved their base salaries closer to the market median for their positions. 2018 salary increases also took into account the composition of the new peer group. Messrs. Hennessy and Davisson retired from Sherwin-Williams in early 2018 and, thus, did not receive salary increases for 2018.

Name	2016 Base Salary ($)	% Increase for 2017	2017 Base Salary ($)	% Increase for 2018	2018 Base Salary ($)
J. G. Morikis	1,100,000	4.5%	1,150,000	13%	1,300,000
A. J. Mistysyn	600,002[(1)]	0%	600,002	13.3%	680,004
S. P. Hennessy	684,658	0%	684,658		
R. J. Davisson	614,692	3%	633,133		
J. D. Baxter	530,114	3%	546,017	9.9%	600,028

1 Mr. Mistysyn s base salary was increased to $600,002 when he was named Senior Vice President Finance in October 2016, prior to assuming his current role as Senior Vice President Finance and Chief Financial Officer on January 1, 2017.

Annual Cash Incentive Compensation.

Annual cash incentive compensation may be earned by our named executives under our shareholder-approved 2007 Executive Annual Performance Bonus Plan (the Performance Plan). Annual incentive compensation is intended to motivate our executives to achieve annual performance goals that strengthen our company over the long term. Our Performance Plan is designed so that our executives may earn higher annual cash incentive compensation for exceeding target performance goals, but receive lower annual cash incentive compensation when target performance goals are not met.

Target and Maximum Annual Incentive Levels. The Compensation Committee annually reviews target and maximum annual cash incentive compensation levels for our named executives as a percentage of their base salary. Target incentive awards are determined by using the median of market annual cash incentive compensation, which generally equals the amount a named executive could receive if he or she achieved a 100% average of his or her performance goals. The maximum incentive awards are determined by the Compensation Committee following a review of the maximum annual cash incentive compensation available to similarly-situated executives at peer group companies and according to broad-based survey data.

The following table sets forth the 2017 minimum, target and maximum annual cash incentive compensation levels, as a percentage of base salary, for each named executive.

	Incentive Amount as a Percentage of Salary		
Name	**Minimum**	**Target**	**Maximum**
J. G. Morikis	0%	135%	270%
A. J. Mistysyn	0%	80%	160%
S. P. Hennessy	0%	80%	160%
R. J. Davisson	0%	80%	160%
J. D. Baxter	0%	70%	140%