SHERWIN WILLIAMS CO
Form PRE 14A
February 17, 2011

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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 þ

Filed by a Party other than the Registrant o

Check the appropriate box:

þ Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Proxy Statement
o Definitive Additional Materials
o 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):

þ No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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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 20, 2011

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 20, 2011 at 9:00 A.M., local time, for the following purposes:

1. To fix the number of directors of Sherwin-Williams at 11 and to elect the 11 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 hold an advisory vote on executive compensation;

3. To hold an advisory vote on the frequency of future executive compensation votes;

4. To approve and adopt an amendment to Sherwin-Williams Regulations;

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

6. To consider a shareholder proposal if presented at the Annual Meeting; and

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

Shareholders of record at the close of business on February 25, 2011, 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.

L. E. Stellato
Secretary

101 West Prospect Avenue
Cleveland, Ohio 44115-1075
March [9], 2011

ADMISSION TO THE 2011 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 25, 2011. 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 20, 2011.

Sherwin-Williams Proxy Statement and 2010 Annual Report to Shareholders are available at http://proxymaterials.sherwin.com.

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THE SHERWIN-WILLIAMS COMPANY

101 West Prospect Avenue

Cleveland, Ohio 44115-1075

PROXY STATEMENT

March [9], 2011

GENERAL INFORMATION

We are providing the enclosed proxy materials to you in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting of Shareholders to be held on April 20, 2011. We began mailing these proxy materials to our shareholders on March [9], 2011. The use of the terms we, us and our throughout this Proxy Statement refers to Sherwin-Williams and/or its management.

We are enclosing our Annual Report to Shareholders for the year ended December 31, 2010 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 Directors	**FOR**
2.	Advisory vote on executive compensation	**FOR**
3.	Advisory vote on the frequency of future executive compensation votes	**EVERY YEAR**
4.	Amendment of our Regulations	**FOR**
5.	Ratification of Ernst & Young LLP as our independent registered public accounting firm	**FOR**
6.	Shareholder Proposal	**AGAINST**

In addition, our management will report on Sherwin-Williams 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 or our ESOP serial preferred stock at the close of business on February 25, 2011, the record date for the Annual Meeting. At the close of business on the record date, shares of common stock and shares of ESOP serial preferred stock were outstanding. Each share owned on the record date is entitled to one vote.

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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, BNY Mellon 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.

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.

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* Proposals 1, 2, 4 and 5, for a frequency of EVERY YEAR on Proposal 3, and *AGAINST* Proposal 6. 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. E.D.T. on April 19, 2011; 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 may also 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, your broker may generally vote on routine matters but cannot vote on non-routine matters. Proposals 1, 2, 3, 4 and 6 are considered non-routine matters. Therefore, if you do not instruct your broker how to vote on Proposals 1, 2, 3, 4 and 6, your broker does not have the authority to vote on those proposals. This is generally referred to as a broker non-vote. Proposal 5 is considered a routine matter and, therefore, broker non-votes are not expected to exist on that proposal.

Who tabulates the vote?

Representatives of The Bank of New York Mellon will tabulate the votes and act as inspectors of election at the Annual Meeting.

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How do I vote if I am a participant in the Stock Ownership and Automatic 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 that you are entitled to direct the vote under each plan. You may vote your shares in the same manner outlined above. If you are a participant in our Employee Stock Purchase and Savings Plan, your voting instructions must be received by the close of business on April 15, 2011 in order to allow the trustee sufficient time for voting.

If you are a participant in our Employee Stock Purchase and Savings Plan 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. The trustee will vote any unallocated shares held in our Employee Stock Purchase and Savings Plan 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 11 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. To be elected as a director, a nominee must receive the affirmative vote of a plurality of the votes cast. Under the plurality voting standard, the nominees receiving the most for votes will be elected. Any 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.

Under our Majority Voting Policy, in an uncontested election, any nominee for director who receives a greater number of withheld votes than for votes is required to tender his or her resignation for consideration by the Nominating and Corporate Governance Committee of the Board of Directors. We have provided more information about our Majority Voting Policy under the heading Corporate Governance Majority Voting Policy.

Advisory Vote on Executive Compensation (Proposal 2). The approval, on an advisory basis, of the compensation of our named executives requires the affirmative vote of the 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.

Advisory Vote on the Frequency of Future Executive Compensation Votes (Proposal 3). The approval, on an advisory basis, of the frequency of holding future executive compensation votes requires a majority of the votes cast. You may vote in favor of holding future executive compensation votes every year, every two years or every three years, or you may choose to abstain. 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.

Approval and Adoption of Amendment to Sherwin-Williams Regulations (Proposal 4). The approval and adoption of the amendment to Sherwin-Williams Regulations requires the affirmative vote of the holders of shares entitling them to exercise a majority of voting power on this proposal. Abstentions and broker non-votes with respect to this proposal will have the same effect as a votes cast against this proposal.

Ratification of Independent Registered Public Accounting Firm (Proposal 5). The ratification of the appointment of Ernst & Young LLP as Sherwin-Williams 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.

Shareholder Proposal (Proposal 6). Proposal 6 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.

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 Senior Vice President, General Counsel and 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 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 February 25, 2011, the record date. We may ask you to present evidence of share ownership and valid photo identification to enter the Annual Meeting.

- If you are a shareholder of record, or own your shares through our Stock Ownership and Automatic Dividend Reinvestment Plan or our Employee Stock Purchase and Savings Plan, an admission ticket is attached to your proxy card. Simply tear it off and bring it to the Annual Meeting.
- If you hold your shares in street name, we may ask you to provide proof of beneficial ownership as of the record date, such as a bank or brokerage account statement showing ownership on February 25, 2011, a copy of the voting instruction card provided by your broker or nominee, or similar evidence of ownership.

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 of Directors, and Sherwin-Williams will pay the entire cost of solicitation. We have retained Georgeson Inc. to aid in the solicitation of proxies for which it will receive a fee estimated at $15,000 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 2010 Annual Report to Shareholders available on the Internet?

Yes. This Proxy Statement and our 2010 Annual Report to Shareholders 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 under Access Proxy Materials Online in the Corporate Governance section on the Investor Relations page of our website at www.sherwin.com.

CORPORATE GOVERNANCE

We have a long history of good corporate governance practices that has greatly aided our long-term success. The Board of Directors and management have recognized for many years the need for 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 of Directors 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.

Combined Chairman and Chief Executive Officer. Our Corporate Governance Guidelines provide that the same person should hold the positions of Chairman and Chief Executive Officer, except in unusual circumstances such as during a period of transition in the office of the chief executive officer. Currently, the Board of Directors believes this leadership structure provides the most optimal leadership model for Sherwin-Williams by enhancing our Chairman and Chief Executive Officer s ability to provide 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 believes Sherwin-Williams can most effectively execute its 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 Chief Executive Officer, provides unified leadership and focus.

Other Leadership Components. Another key component of our leadership structure is our strong governance practices to ensure that the Board effectively carries out its responsibility for the oversight of management. All directors, with the exception of our Chairman, are independent, and all committees are made up entirely of independent directors. We do not have a lead independent director. Non-management directors meet at least twice each year in regularly scheduled executive sessions. The non-management directors may schedule additional executive sessions as appropriate. Committee chairs preside over these executive sessions on a rotating basis, and members of management do not attend these executive sessions. The Board has full access to our management team at all times. In addition, the Board or any committee may retain, at such times and on such terms as determined by the Board or committee in its sole discretion, independent legal, financial and other independent consultants and advisors to advise and assist the Board or committee in discharging its oversight responsibilities.

Business Ethics Policy.

We have operated under a Business Ethics Policy for many years and are committed to conducting business in an ethical and legal manner throughout the world. Our Business Ethics Policy applies to all of our directors, officers and employees and outlines the broad principles of ethical and legal conduct embraced by our company to guide our business related conduct. Under our Business Ethics Policy, any director or employee who reasonably believes or suspects that Sherwin-Williams or any director or employee has engaged or is engaging in improper or illegal activities, fraud or activities that appear to be inconsistent with or in violation of our Business Ethics Policy is responsible for reporting such activities. We do not permit retaliation of any kind against any person who, in good faith, reports any known or suspected improper activities pursuant to our Business Ethics Policy.

Our Business Ethics Policy includes additional ethical obligations for our senior financial management (which includes our chief executive officer, our chief financial officer, and the controller, treasurer and principal financial and accounting personnel in our operating groups and corporate departments). Our senior financial management is responsible for creating and maintaining a culture of high ethical standards throughout our company to ensure the fair and timely reporting of our financial results and financial condition.

Risk Management.

Management is responsible for assessing and managing Sherwin-Williams exposure to various risks while the Board of Directors 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 Sherwin-Williams, 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 Sherwin-Williams exposure to risk. The Audit Committee also has oversight responsibility for financial risks. The Board has oversight responsibility for all other 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. 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 effect on the Board s leadership structure. However, we believe that the Board s leadership structure, with Mr. Connor serving as Chairman and Chief Executive Officer, enhances the Board s effectiveness in risk oversight due to Mr. Connor s extensive knowledge of the company s operations and the paint and coatings industry.

Communications with Directors.

The Board of Directors has adopted a process by which shareholders and all other interested parties may communicate with the non-management directors or the chairperson of any of the committees of the Board. You may send communications by regular mail to the attention of the Chairperson, Audit Committee; Chairperson, Compensation and Management Development Committee; or Chairperson, Nominating and Corporate Governance Committee; or to the 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 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 under the heading Communications with Directors, above. Employees may report such complaints by following the procedures outlined in our Business Ethics Policy. We do not permit any retaliation of any kind 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), 10 of our current 11 directors and director nominees are independent. In addition, all members of the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee are independent.

Majority Voting Policy.

The Board of Directors has adopted a Majority Voting Policy. Under our Majority Voting Policy, any nominee for director in an uncontested election who receives a greater number of withheld votes than for votes will promptly tender his or her resignation. The Nominating and Corporate Governance 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 withheld votes.

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 withheld votes for election from such 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 such 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 interests 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 publicly disclose the Board s decision and process in a periodic or current report filed with the SEC.

Executive Sessions of Non-Management Directors.

The non-management members of the Board of Directors meet at least twice each year in regularly scheduled executive sessions. Additional executive sessions may be scheduled by the non-management directors. The chairpersons of the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee rotate presiding over these sessions.

Annual Board Self-Assessments.

The Board of Directors has instituted annual self-assessments of the Board, as well as the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee, to assist in determining whether the Board and its committees are functioning effectively. In early 2011, the Board and each of its committees completed self-evaluations and reviewed and discussed the results. The Nominating Committee oversees this evaluation process.

Board Committee Charters.

The Board of Directors has adopted written charters for the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee. Each committee reviews and evaluates the adequacy of its charter at least annually and recommends any proposed changes to the Board for approval.

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Stock Ownership Guidelines.

The Board of Directors believes strongly that its directors, executive officers and operating presidents should have meaningful share ownership in Sherwin-Williams. Accordingly, the Board has established minimum share ownership requirements. Each director who has served on the Board for at least five years is expected to own a minimum of 10,000 shares of common stock. Each executive officer and operating president who has served in such capacity for at least five years is expected to own shares of common stock equal in value to a multiple of his base salary ranging from a low of three times for certain executive officers and operating presidents to a high of six times for our Chairman and Chief Executive Officer. In February 2011, we increased the minimum ownership requirement for our Chairman and Chief Executive Officer from five times to six times his base salary. For purposes of meeting this minimum share ownership requirement, each equivalent share of common stock and each share of time-based restricted stock held under our benefit plans is considered as a share of common stock. Stock options and shares of performance-based restricted stock are not considered towards meeting this requirement. More information is set forth under the heading Stock Ownership Guidelines in the Compensation Discussion and Analysis.

Clawback and Recapture Policy.

The Board of Directors has adopted a policy regarding the adjustment and recapture of compensation paid or payable to certain key employees and executives. Under this clawback policy, employees who participate in our 2007 Executive 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;

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.

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act requires companies to adopt a policy that, in the event the company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement, the company will recover incentive compensation received prior to the accounting restatement resulting from erroneous financial data. We will review our existing policy and make any necessary amendments once the final rules are adopted.

Availability of Corporate Governance Materials.

You may access all committee charters, our Corporate Governance Guidelines, our Director Independence Standards, our Business Ethics Policy, our Majority Voting Policy and other corporate governance materials in the Corporate

Governance section on the Investor Relations page of our website at www.sherwin.com.

PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, the number of directors is to be fixed at 11, and 11 directors are to be elected to hold office until the next Annual Meeting of Shareholders and until their successors are elected.

Our Board of Directors currently has 11 members, and all are standing for re-election as nominees. Each nominee was elected by the shareholders at the 2010 Annual Meeting. All of the nominees are independent, except for Mr. Connor. Mr. Connor is not considered to be independent because of his position as our Chairman and Chief Executive Officer. 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 unless you indicate otherwise.

We have presented below biographical information regarding each nominee. The biographical information of each nominee is supplemented with the particular experiences, qualifications, attributes and skills that led the Board to conclude that 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 Directors and Nominees.

Arthur F. Anton
President and Chief Executive Officer,
Swagelok Company
Director of Sherwin-Williams since 2006
Age: 53

Business Experience. Arthur F. Anton has served as President and Chief Executive Officer of Swagelok Company (manufacturer and provider of fluid system products and services) since January 2004. Mr. Anton served as President and 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 Enterprises, Inc., Olympic Steel, Inc. and University Hospitals Health System and is Chairman of the Manufacturing Advocacy & Growth Network.

Key Qualifications, Attributes and Skills. As President and Chief Executive Officer of Swagelok, 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 also has financial expertise and extensive financial experience in a manufacturing setting that provides him with a unique perspective on Sherwin-Williams business and operations.

James C. Boland
Former President, Chief Executive Officer
and Vice Chairman,
Cavaliers Operating Company, LLC
Director of Sherwin-Williams since 1998
Age: 71

Business Experience. James C. Boland served as Vice Chairman of Cavaliers Operating Company, LLC (formerly known as Cavaliers/Gund Arena Company) from January 2003 to June 2007 and President and Chief Executive Officer of CAVS/Gund Arena Company from January 1998 to January 2003. Prior to his time with the Cavaliers, Mr. Boland served for 22 years as a partner of Ernst &

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Young LLP in various roles including Vice Chairman and Regional Managing Partner as well as a member of the firm s Management Committee from 1988 to 1996 and as Vice Chairman of National Accounts from 1997 to his retirement from the firm in 1998. Mr. Boland is also a Director of Developers Diversified Realty Corporation, The Goodyear Tire & Rubber Company and Invacare Corporation and is a Trustee of Bluecoats, Inc. and The Harvard Business School Club of Cleveland. Mr. Boland is a former Director of International Steel Group Inc.

Key Qualifications, Attributes and Skills. As a certified public accountant, Mr. Boland s prior service of over 20 years as a partner of Ernst & Young LLP provides him with a wealth of management, financial reporting, risk management, public accounting and finance skills and experience as an independent auditor. In addition, Mr. Boland currently serves as the lead director for Goodyear and Invacare and also has significant audit committee experience, which give him valuable perspective and insight on corporate governance, board leadership and financial-related matters.

Christopher M. Connor
Chairman and Chief Executive Officer,
Sherwin-Williams
Director of Sherwin-Williams since 1999
Age: 54

Business Experience. Christopher M. Connor has served as Chairman of Sherwin-Williams since April 2000 and Chief Executive Officer of Sherwin-Williams since October 1999. Mr. Connor served as President of Sherwin-Williams from July 2005 to October 2006. Mr. Connor has been with Sherwin-Williams since 1983 in roles of increasing responsibility. Mr. Connor is also a Director of Eaton Corporation and the Federal Reserve Bank of Cleveland. Mr. Connor is a former Director of Diebold, Incorporated and National City Corporation.

Key Qualifications, Attributes and Skills. Mr. Connor, who has spent over 25 years with Sherwin-Williams and who currently serves as Chairman and Chief Executive Officer, has an extensive, in-depth knowledge of the Company s business, operations, opportunities and strategies. His wide-ranging roles throughout his career at Sherwin-Williams also provide him with significant leadership, corporate strategy, manufacturing, retail, marketing and international experience in the paint and coatings industry.

David F. Hodnik
Retired, Former President and
Chief Executive Officer,
Ace Hardware Corporation
Director of Sherwin-Williams since 2005
Age: 63

Business Experience. David F. Hodnik prior to his retirement in April 2005, served as Chief Executive Officer of Ace Hardware Corporation (cooperative of independent hardware retail stores) since January 1997. 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.

Key Qualifications, Attributes and Skills. As the former President and Chief Executive Officer of Ace Hardware, Mr. Hodnik gained 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.

Thomas G. Kadien
Senior Vice President,
Consumer Packaging and IP Asia
International Paper Company
Director of Sherwin-Williams since 2009
Age: 54

Business Experience. Thomas G. Kadien has served as Senior Vice President, Consumer Packaging and IP Asia of International Paper Company (global paper and packaging company) since January 2010 and has served as Senior Vice President of International Paper since May 2004. Mr. Kadien joined International Paper in 1978 and has held various sales, marketing and management positions with International Paper, including President of xpedx from October 2005 to January 2010, President IP Europe from April 2003 to October 2005, Vice President Commercial Printing and Imaging Papers from August 2000 to April 2003, and Vice President Fine Papers from June 2000 to August 2000. Mr. Kadien is also a Member of the Board of Visitors of the University of Memphis.

Key Qualifications, Attributes and Skills. As a Senior Vice President at International Paper, Mr. Kadien brings substantial sales, marketing, management, and international operations experience from a large multinational company to the Board. His broad range of positions at International Paper during a career exceeding 30 years has allowed him to gain significant and diverse operating experiences in domestic and international markets, which provides the Board with a meaningful global business perspective.

Susan J. Kropf
Retired, Former President and
Chief Operating Officer,
Avon Products, Inc.
Director of Sherwin-Williams since 2003
Age: 62

Business Experience. Susan J. Kropf prior to her retirement in January 2007, served as President and Chief Operating Officer of Avon Products, Inc. (global manufacturer and marketer of beauty and related products) since January 2001. 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 Coach, Inc., MeadWestvaco Corporation, The Kroger Co. and the Wallace Foundation.

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

Gary E. McCullough
President and Chief Executive Officer,
Career Education Corporation
Director of Sherwin-Williams since 2002
Age: 52

Business Experience. Gary E. McCullough has served as President and Chief Executive Officer of Career Education Corporation (provider of post-secondary educational services) since March 2007. Immediately prior to joining Career Education Corporation, Mr. McCullough served as Senior Vice

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President of Abbott Laboratories and President of its Ross Products Division from December 2003 to March 2007. Immediately prior to joining Abbott Laboratories, Mr. McCullough served as Senior Vice President Americas of Wm. Wrigley Jr. Company from March 2000 to December 2003. Mr. McCullough also spent 13 years at the Procter & Gamble Company where he served in a variety of marketing and management positions. Mr. McCullough is also a Director of Career Education Corporation.

Key Qualifications, Attributes and Skills. As President and Chief Executive Officer of Career Education Corporation, Mr. McCullough has significant leadership and financial experience. As a former senior executive in a diverse range of management positions at Abbott Laboratories, Wrigley and Procter & Gamble, he brings considerable leadership and business experience in the manufacture, distribution and sale of a wide variety of products and services to consumers and businesses worldwide.

A. Malachi Mixon, III
Chairman,
Invacare Corporation
Director of Sherwin-Williams since 1993
Age: 70

Business Experience. A. Malachi Mixon, III has served as Chairman of Invacare Corporation (manufacturer and distributor of home health care products) since September 1983. Mr. Mixon served as Chief Executive Officer of Invacare from January 1980 to December 2010 and President of Invacare from January 1980 to November 1996. Mr. Mixon is also a Director of Park-Ohio Holdings Corp., is Chairman Emeritus of The Cleveland Clinic Foundation, is Chairman of the Cleveland Institute of Music and is on the Visiting Committee of the Harvard School of Business Administration. Mr. Mixon is a former Director of The Lamson and Sessions Co.

Key Qualifications, Attributes and Skills. As Chairman and former Chief Executive Officer of Invacare, Mr. Mixon has significant leadership experience in managing global manufacturing and distribution operations that he brings to the Board. As a founder of Invacare, his broad experiences and business skills enable him to add a global perspective to the Board with regard to manufacturing, distribution, growth and expansion, marketing, governance and finance.

Curtis E. Moll
Chairman and Chief Executive Officer,
MTD Holdings Inc
Director of Sherwin-Williams since 1997
Age: 71

Business Experience. Curtis E. Moll has served as Chairman and Chief Executive Officer of MTD Holdings Inc (manufacturer of outdoor power equipment and tools, dies and stampings for the automotive industry) since October 1980. Mr. Moll is also a Director of AGCO Corporation and is Chairman of the Board of Directors of Shiloh Industries, Inc.

Key Qualifications, Attributes and Skills. As Chairman and Chief Executive Officer of MTD Holdings for more than 30 years, Mr. Moll has vast leadership, manufacturing, financial, human resources, supply chain, sales, brand management and marketing experience. Mr. Moll s broad experience lends a strong operational and strategic perspective to the Board with regard to Sherwin-Williams global business.

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Richard K. Smucker
Executive Chairman and
Co-Chief Executive Officer,
The J.M. Smucker Company
Director of Sherwin-Williams since 1991
Age: 62

Business Experience. Richard K. Smucker has served as Co-Chief Executive Officer of The J.M. Smucker Company (makers of food products) since February 2001 and Executive Chairman of J.M. Smucker since June 2008. Mr. Smucker served as President of J.M. Smucker from January 1987 to June 2008 and Chief Financial Officer of J.M. Smucker from June 2003 to January 2005. Mr. Smucker is also a Director of J.M. Smucker, is Deputy Chairman of the Federal Reserve Bank of Cleveland and is a Trustee of the Musical Arts Association (The Cleveland Orchestra). Mr. Smucker is a former Director of Wm. Wrigley Jr. Company.

Key Qualifications, Attributes and Skills. As Executive Chairman and Co-Chief Executive Officer of J.M. Smucker, Mr. Smucker brings significant leadership, governance, management and financial experience at a leading marketer and manufacturer of consumer products that enables him to advise the Board on a variety of strategic and business matters, including the acquisition and integration of businesses. As a former Chief Financial Officer of J.M. Smucker, Mr. Smucker brings considerable financial and risk management expertise to the Board.

John M. Stropki, Jr.
Chairman, President and
Chief Executive Officer,
Lincoln Electric Holdings, Inc.
Director of Sherwin-Williams since 2009
Age: 60

Business Experience. John M. Stropki, Jr. has served as President and Chief Executive Officer of Lincoln Electric Holdings, Inc. (manufacturer and reseller of welding and cutting products) since June 2004 and Chairman of Lincoln Electric Holdings since October 2004. Mr. Stropki 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 Lincoln Electric Holdings.

Key Qualifications, Attributes and Skills. As Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Mr. Stropki has vast management, technical, manufacturing and leadership skills at an industrial company with a long history of financial improvement. His 38 years of experience at Lincoln Electric Holdings has 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.

The Board of Directors unanimously recommends that you vote FOR Proposal 1 relating to the election of directors.

ADDITIONAL INFORMATION ABOUT OUR DIRECTORS

Experiences, Qualifications, Attributes and Skills of Directors and Nominees.

In considering each director nominee and the composition of the Board of Directors as a whole, the Nominating and Corporate Governance 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 a significant contribution 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 and include management experience, independence, financial expertise, experience in manufacturing/distribution, technical/research and development, international operations, marketing and sales, and retail operations and minority/diversity status. 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.

These experiences, qualifications, attributes and skills relate directly to the management and operations of Sherwin-Williams. Success in each of these categories is a key factor in Sherwin-Williams overall operational success and creating shareholder value. The Nominating Committee believes that directors who possess these experiences, qualifications, attributes and skills are better able to provide oversight of Sherwin-Williams management and our long-term and strategic objectives.

The following table sets forth the experiences, qualifications, attributes and skills of each director nominee that led the Board to conclude that such persons should serve as directors. The Board also considered the specific experiences, qualifications, attributes and skills described in each nominee s biographical information, as disclosed above.

	Directors with Attribute	
Management Experience Experience as a CEO, COO, President or Senior Vice President of a company or a significant subsidiary, operating division or business unit.	A. F. Anton J. C. Boland C. M. Connor D. F. Hodnik T. G. Kadien S. J. Kropf	G. E. McCullough A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.
Independence Satisfy the independence requirements of the New York Stock Exchange.	A. F. Anton J. C. Boland D. F. Hodnik T. G. Kadien S. J. Kropf	G. E. McCullough A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.
Financial Expertise Possess the knowledge and experience to be qualified as an audit committee financial expert.	A. F. Anton J. C. Boland D. F. Hodnik	G. E. McCullough R. K. Smucker J. M. Stropki, Jr.
Manufacturing; Distribution Experience in, or experience in a senior management position responsible for, managing significant manufacturing and distribution operations.	A. F. Anton J. C. Boland C. M. Connor D. F. Hodnik T. G. Kadien S. J. Kropf	G. E. McCullough A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.
Technical; Research and Development Experience in, or experience in a senior management position responsible for, managing a significant technical or research and development function.	A. F. Anton C. M. Connor T. G. Kadien S. J. Kropf	A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.

	G. E. McCullough	
International Operations Experience working in a major organization with global operations with a thorough understanding of different cultural, political and regulatory requirements.	A. F. Anton J. C. Boland C. M. Connor D. F. Hodnik T. G. Kadien S. J. Kropf	G. E. McCullough A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.

	Directors with Attribute	
Marketing; Sales Experience in, or experience in a senior management position responsible for, managing the marketing and/or sales function.	A. F. Anton C. M. Connor D. F. Hodnik T. G. Kadien S. J. Kropf	G. E. McCullough A. M. Mixon, III C. E. Moll R. K. Smucker J. M. Stropki, Jr.
Retail Operations Experience in, or experience in a senior management position responsible for, managing retail operations.	C. M. Connor D. F. Hodnik T. G. Kadien	
Minority; Diversity Adds perspective through diversity in gender, ethnic background, race, etc.	S. J. Kropf G. E. McCullough A. M. Mixon, III	

Independence of Directors.

The Board of Directors 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. 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 Sherwin-Williams 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).

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Early this year, the Board performed its independence review for 2011. As part of this review, the Board considered investments by Sherwin-Williams and a director in MWV Pinnacle Capital Fund L.P., a private equity fund that invests in minority owned and managed businesses. The Board does not believe this relationship impairs the independence of the director. As a result of this review, the Board determined that 10 of our 11 current directors and director nominees are independent. In addition, all members of the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee are independent. The Board determined that Mrs. Kropf and Messrs. Anton, Boland, Hodnik, Kadien, McCullough, Mixon, Moll, Smucker and Stropki meet these standards and are independent and, in addition, satisfy the independence requirements of the New York Stock Exchange. Mr. Connor is not considered to be independent because of his position as our Chairman and Chief Executive Officer.

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2010 DIRECTOR COMPENSATION TABLE

The following table sets forth information regarding the compensation of our nonemployee directors for 2010. Mr. Connor, who is our Chairman and Chief Executive Officer, does not receive any additional compensation for services as a director.

Name	Fees Earned or Paid in Cash ($)[4]	Stock Awards ($)[5,6]	Option Awards ($)[7]	All Other Compensation ($)[8]	Total ($)
A. F. Anton	85,000	100,346	-0-	-0-	185,346
J. C. Boland[1]	106,000	100,346	-0-	-0-	206,346
D. F. Hodnik	85,000	100,346	-0-	-0-	185,346
T. G. Kadien	85,000	100,346	-0-	-0-	185,346
S. J. Kropf	85,000	100,346	-0-	-0-	185,346
G. E. McCullough	85,000	100,346	-0-	-0-	185,346
A. M. Mixon, III[2]	100,000	100,346	-0-	-0-	200,346
C. E. Moll[3]	96,000	100,346	-0-	-0-	196,346
R. K. Smucker	85,000	100,346	-0-	-0-	185,346
J. M. Stropki, Jr.	85,000	100,346	-0-	-0-	185,346

1 Mr. Boland serves as Chair of the Audit Committee.

2 Mr. Mixon serves as Chair of the Compensation and Management Development Committee.

3 Mr. Moll serves as Chair of the Nominating and Corporate Governance Committee.

4 The amounts set forth in this column reflect the annual retainer, the annual retainer for committee chairs, and any meeting fees. Mrs. Kropf and Messrs. Boland, Kadien, McCullough, Mixon and Moll defer payments of all of their fees under our Director Deferred Fee Plan. Cash amounts deferred during 2010 were as follows: Mr. Boland ($106,000), Mr. Kadien ($85,000), Mrs. Kropf ($85,000), Mr. McCullough ($85,000), Mr. Mixon ($100,000) and Mr. Moll ($96,000). 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 by the nonemployee directors under our Director Deferred Fee Plan at December 31, 2010 was as follows: Mr. Kadien (634), Mr. McCullough (14,456), Mr. Moll (24,903) and Mr. Smucker (12,534). The number of shares of shadow stock (which includes shares acquired through the reinvestment of dividend equivalents) held by the nonemployee directors under our Director Deferred Fee Plan at December 31, 2010 was as follows: Mr. Boland (24,259), Mr. Kadien (633), Mrs. Kropf (11,234) and Mr. Mixon (33,942).

5 The values set forth in this column reflect 1,556 shares of restricted stock granted during 2010 to each of our nonemployee directors under our 2006 Stock Plan for Nonemployee Directors. The values of restricted stock are 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 restricted stock is based on the fair market value of our common stock (the average of the highest and lowest reported sale prices) on the date of grant. These values do not necessarily correspond to the actual values that ultimately may be realized by the nonemployee directors.

[6] The number of shares of restricted stock held by our nonemployee directors at December 31, 2010 was 2,990 for each of Mrs. Kropf and Messrs. Anton, Boland, Hodnik, McCullough, Mixon, Moll and Smucker and 2,544 for each of Messrs. Kadien and Stropki. Dividends are paid on shares of restricted stock at the same rate as paid on our common stock.

[7] The number of stock options held by our nonemployee directors at December 31, 2010 was as follows: Mrs. Kropf (7,000), Mr. McCullough (9,000), Mr. Mixon (9,000) and Mr. Smucker (3,500). No stock options have been granted to our nonemployee directors since 2003.

[8] The amounts set forth in this column do not include the incremental cost of our Business Travel Accident Insurance Plan. Coverage under this plan is provided to all directors, executive officers and full-time salaried employees. We pay an aggregate premium for the insurance policy underlying this plan. The total aggregate premium in 2010 for this plan for all directors, executive officers and employees was $36,028.

DIRECTOR COMPENSATION PROGRAM

The Compensation and Management Development Committee is responsible for annually reviewing and approving the compensation for our nonemployee directors. All of our nonemployee 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.

We use a combination of cash and equity-based compensation to attract and retain our nonemployee directors. Compensation for our nonemployee directors consists of an annual cash retainer; an additional annual cash retainer for chairs of the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee; meeting fees; an annual grant of restricted stock; and other benefits.

Stock options are not currently a part of our nonemployee director compensation program. In addition, we do not provide retirement benefits to our nonemployee directors.

Director Fees.

The cash and equity compensation program for our nonemployee directors consists of the following:

- An annual cash retainer of $85,000;

- An additional annual cash retainer of $21,000 for the chair of the Audit Committee;

- An additional annual cash retainer of $15,000 for the chair of the Compensation and Management Development Committee;

- An additional annual cash retainer of $11,000 for the chair of the Nominating and Corporate Governance 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 during the calendar year, any Board and committee meetings held within 24 hours constitutes one meeting; and

- An annual grant of restricted stock valued at approximately $95,000 at the time of the grant under our 2006 Stock Plan for Nonemployee Directors. Shares of restricted stock vest in annual increments of one-third of the shares granted over a period of three years. The shares 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, the shares 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.

Other Benefits.

We also pay the premiums for liability insurance and business travel accident insurance for all directors, including $225,000 accidental death and dismemberment coverage and $225,000 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 programs on the same basis as employees. These programs provide for annual matches for gifts of up to $5,000 under the matching gifts to education program and $1,000 under the matching gifts for volunteer leaders program, as well as annual grants of up to $200 under the grants for volunteers program. None of our nonemployee directors participated in our matching gifts or grants programs during 2010.

Deferral of Director Fees.

Directors may elect to defer all or a part of their retainer and meeting fees under our Director Deferred Fee Plan. The amounts deferred during 2010 are set forth in a footnote to the 2010 Director Compensation Table.

Deferred fees may be credited to a common stock account, a shadow stock account or an interest bearing cash account. The value of the shadow stock account reflects changes in the market price of our common stock and the payment of dividend equivalents at the same rate as dividends are paid on our common stock. The number of shares of common stock and shadow stock held by participating directors under the plan is set forth in a footnote to the 2010 Director Compensation Table.

Amounts deferred may be distributed either in annual installments over a period up to 10 years or in a lump sum pursuant to a director s payment election. Amounts credited to a shadow stock account are distributed in cash.

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BOARD MEETINGS AND COMMITTEES

The Board of Directors held five meetings during 2010. Each director attended at least 75% of the meetings of the Board and committees on which he or she served. Each director is expected to attend, absent unusual circumstances, all annual and special meetings of shareholders. All directors attended the 2010 Annual Meeting of Shareholders.

The Board has established an Audit Committee, a Compensation and Management Development Committee, and a Nominating and Corporate Governance Committee. The Board has adopted a written charter for each committee. 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	**x**		
J. C. Boland	**Chair**		**x**
D. F. Hodnik	**x**		
T. G. Kadien	**x**		
S. J. Kropf		**x**	
G. E. McCullough	**x**		
A. M. Mixon, III		**Chair**	**x**
C. E. Moll		**x**	**Chair**
R. K. Smucker		**x**	**x**
J. M. Stropki, Jr.		**x**	

Audit Committee.

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

- the integrity of our financial statements and effectiveness of 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 2010. Each member of the Audit Committee is independent as defined in the corporate governance listing standards of the New York Stock Exchange, SEC regulations and our Director Independence Standards. The Board has determined that Messrs. Anton, Boland, Hodnik, Kadien and McCullough are audit committee financial experts, as that term is defined by SEC regulations.

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Mr. Boland serves on the audit committees of three other public companies. The Board, after full review and consideration of such service, determined that Mr. Boland s simultaneous service on these other audit committees does not impair his ability to effectively serve on Sherwin-Williams Audit Committee.

Compensation and Management Development Committee.

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

- compensation for our 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.

The Compensation Committee met five times during 2010. Each member of the Compensation Committee is independent as defined in the corporate governance listing standards of the New York Stock Exchange 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 salaried employees. The Compensation Committee annually reviews and approves the compensation for our directors, executives and other key salaried 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. The Compensation Committee relies upon several members of our management and their staff, as well as an outside compensation consultant, in order to assist the Compensation Committee in performing its duties.

We strive to pay compensation to our directors and executives that is competitive in the marketplace. In order to assist the Compensation Committee in determining compensation that is competitive, the Compensation Committee engages an outside compensation consulting firm as its compensation consultant. At the beginning of 2010, Towers Watson served as the Compensation Committee s compensation consultant. During the third quarter of 2010, the Compensation Committee ended its relationship with Towers Watson and retained Pay Governance LLC as its compensation consultant. Pay Governance is a consulting firm formed by former partners of Towers Watson, including the firm s engagement partner to the Compensation Committee. The Compensation Committee has retained Pay Governance as its compensation consultant for 2011.

The compensation consultant annually compiles information regarding the compensation that similar companies are paying to their directors and executives. Our Senior Vice President HR and his staff usually work directly with the compensation consultant to compile the market compensation information. We use that information as a reference point to set compensation levels for our directors and executives.

Role of the Compensation Consultant. The compensation consultant reports directly to the Compensation Committee on compensation matters relating to our directors and executives. The compensation consultant generally provides the Compensation Committee with market compensation data and evolving market trends with regard to the form and amount of director and executive compensation, including the base salary, annual cash incentive compensation and long-term equity incentive compensation for our Chief Executive Officer.

The compensation consultant also from time to time identifies peer companies for benchmarking director and executive compensation, provides other market compensation information and analysis, provides general observations about our compensation plans and programs, provides historical compensation information, identifies current and emerging trends and best practices, assists with the development of, and changes to, compensation plans and programs, assists with the compensation

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risk assessment, and attends Compensation Committee meetings. The compensation consultant does not determine the form or amount of director or executive compensation.

From time to time, the compensation consultant provides services to Sherwin-Williams in addition to services related to director and executive compensation. The aggregate fees paid to the compensation consultants for providing these additional services during 2010 were less than $120,000.

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 HR and his staff for input in determining director and executive compensation levels. The compensation consultant typically provides the requested market compensation information to our Senior Vice President HR, and he typically meets with the compensation consultant to discuss this information. Our Chief Executive Officer does not meet with the compensation consultant on an individual basis. With regard to director compensation, the compensation consultant also typically provides the Compensation Committee with recommendations of any changes to director compensation. Our Senior Vice President HR may also make recommendations to the Compensation Committee of changes to director compensation based upon the market compensation information.

With regard to executive compensation, management generally makes recommendations to the Compensation Committee and plays a more active role in the compensation process. Management makes recommendations relating to the development of compensation plans and programs and changes to existing plans and programs. Management also makes recommendations with respect to:

- the evaluation of executive performance;
- salary increases;
- the performance goals (and weightings) for annual cash incentive compensation;
- the financial performance goals for grants of restricted stock;
- the results attained with respect to performance goals; and
- the number of stock options and shares of restricted stock granted.

Prior to providing recommendations to the Compensation Committee at its formal meetings, our Senior Vice President HR generally will meet with our Chief Executive Officer to review the recommendations, except for recommendations concerning our Chief Executive Officer s compensation. Our Chief Executive Officer and our Senior Vice President HR also may meet with the chair of the Compensation Committee prior to meetings to review the agenda for the meetings and the compensation recommendations. Our Chief Executive Officer and our Senior Vice President HR generally attend all Committee meetings. Our Chief Executive Officer does not have the ability to call meetings. Our Senior Vice President HR serves as secretary for the Compensation Committee at its meetings. Our Chief Executive Officer 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 and Corporate Governance Committee is to assist the Board in fulfilling the Board s 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;

guiding the annual evaluation of the performance of the Board and its committees; 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 twice in 2010. Each member of the Nominating Committee is independent as defined in the corporate governance listing standards of the New York Stock Exchange 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 objective that the Board can best perpetuate Sherwin-Williams 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 their respective endeavors. Candidates must possess sufficient time to effectively carry out their duties and responsibilities.

The Nominating Committee may, but typically does not, employ professional search firms (for which it would pay a fee) to assist it in identifying potential members of the Board with the desired skills and disciplines.

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 Directors and 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 that is 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

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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 include 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.

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 Chairperson, 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) and expressing an opinion on the financial statements and the effectiveness of internal controls 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 Statement on Auditing Standards No. 114 (The Auditor s Communication with those Charged with Governance). The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence. The Audit Committee also has discussed with Ernst & Young LLP that 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, 2010 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE
J. C. Boland, Chairman
A. F. Anton
D. F. Hodnik
T. G. Kadien
G. E. McCullough

COMPENSATION COMMITTEE REPORT

The Compensation and Management Development Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based upon this review and discussions, 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, 2010 and this Proxy Statement.

COMPENSATION AND MANAGEMENT
DEVELOPMENT COMMITTEE
A. M. Mixon, III, Chairman
S. J. Kropf
C. E. Moll
R. K. Smucker
J. M. Stropki, Jr.

COMPENSATION RISK ASSESSMENT

In 2010, the Compensation and Management Development Committee requested its outside compensation consultant to conduct a risk assessment of our compensation policies and practices for our employees, including those related to our executive compensation program. In early 2011, the assessment was updated to focus on (a) the overall architecture of our executive compensation program, including plan design and structure and (b) the design provisions and structure of our non-executive incentive compensation plans.

The risk assessment included a detailed analysis of the risks associated with the mix between fixed and variable compensation, the design of annual and long-term incentive compensation, the number of shares of common stock subject to outstanding equity awards and reserved for future equity awards, the equity ownership and equity awards held by executives, severance and change of control agreements, and other employee benefits. The assessment included a qualitative analysis of various program designs and corporate governance processes, as well as a quantitative analysis of historical pay and performance outcomes.

The assessment also considered the following factors that help to mitigate risk:

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 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 measurements with performance goals focused on growth, profitability and managing capital at different levels within the company (company-wide, business unit and individual).

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

Performance incentives are not completely based on arithmetic formulas, but incorporate the exercise of negative discretion and judgment.

We cap the maximum amounts that may be earned under our incentive compensation plans in line with market practices.

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

We have significant stock ownership guidelines, which align the long-term interests of our management with the interests of our shareholders.

- We instituted a severance agreement policy pursuant to which we will not enter into any future severance agreements with senior executives that provide for cash severance payments exceeding 2.99 times base salary and bonus or that provide for excise tax gross-up payments, without shareholder approval.

- The Compensation Committee reviews tally sheets for our named executives that keeps the Compensation Committee abreast of total compensation.

- We have a clawback and recapture policy allowing us to recapture or clawback compensation paid or payable to key employees and executives in the event of a financial restatement.

We discussed the findings of the risk assessment with the Compensation Committee. Based upon the assessment, we believe 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.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes our executive compensation program and how it applies to our executives, including our five named executives identified below.

Named Executive	Title
C. M. Connor	Chairman and Chief Executive Officer
J. G. Morikis	President and Chief Operating Officer
S. P. Hennessy	Senior Vice President Finance and Chief Financial Officer
S. J. Oberfeld	Senior Vice President Corporate Planning and Development
T. W. Seitz	Senior Vice President Strategic Excellence Initiatives

Executive Summary

We manage our business with the long-term objective of creating and maximizing value for our shareholders, and our compensation programs are designed to support this same overall objective. It is important that our compensation programs provide incentives that drive financial performance and result in improved shareholder returns. Accordingly, a significant percentage of our executive compensation program is weighted towards company performance, business unit performance and stock price appreciation. This structure supports our pay for performance philosophy.

Our compensation programs have been integral to our success in driving operating and performance results over our 145 year history whether during prosperous economic times or challenging economic times. Our compensation programs also have been successful in attracting and retaining an experienced and effective management team. Most of our executives have been with Sherwin-Williams for many years, have built their careers at Sherwin-Williams, and are focused on achieving superior long-term 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 14.7% compared to the average annual return for the S&P 500 of 1.4%. (Please refer to the 10-year stock performance graph on page 62.)

2010 marked our 32nd consecutive year of increased dividends.

2010 Business and Compensation Overview. As we entered 2010, we noted that the steep decline in demand for paint and coatings appeared to be moderating in some market segments in the U.S. and abroad. Although the U.S. recession officially ended in mid-2009, the recovery in many of the end markets we serve did not begin until almost a year later. As 2010 unfolded, economic conditions continued to show signs of stabilizing and improving in many of our domestic and global markets. As reflected in the following table, we finished 2010 with net sales and diluted net income per share growth over 2009 and a stock price 35.8% higher.

	2009	2010	Change
Net Sales	$7.09 billion	$7.78 billion	9.6%
Diluted Net Income Per Common Share	$3.78	$4.21	11.4%

Closing Stock Price at December 31	$61.65	$83.75	35.8%

Total compensation for 2010 for our named executives in the aggregate (as set forth in the Summary Compensation Table) increased just 0.6% over 2009. Salary increases ranged from 0% to 2.5%. Due to our solid 2010 operating results, our named executives earned above target annual cash incentive compensation. However, none of the shares of performance-based restricted stock vested for the 2007-2010 vesting period as our strong 2010 operating results were not enough to overcome the significant effects of the recession during 2008 and 2009.

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Significant Compensation Practices and Recent Modifications. Our compensation programs, practices and policies are reviewed and reevaluated on an ongoing basis. We modify our compensation programs to address evolving best practices and changing regulatory requirements. We have listed below some of the more significant practices and recent modifications.

Performance-Based Pay. We abide by a strong pay for performance philosophy. For 2010, 76% of the principal compensation components for our named executives in the aggregate was variable and tied to performance or our stock price.

No Employment Agreements. We do not have employment agreements with any of our executives. Because so many of our executives have had long careers with Sherwin-Williams, they have built significant ownership levels in Sherwin-Williams and are committed to the long-term interests of Sherwin-Williams without the need for employment agreements.

CEO Salary. Our Chairman and Chief Executive Officer did not receive a merit salary increase in 2009 and declined increases in 2010 and 2011.

Limited Perquisites. The only perquisites provided to our named executives during 2010 was for a phased-out automobile program and for the limited use of the corporate aircraft.

Improved Practices for Equity Awards. We added a double-trigger acceleration provision for the vesting of equity awards upon a change of control and eliminated the payment of current dividends for new grants of performance-based awards. We strengthened the prohibition against repricing of stock options and stock appreciation rights, including cash buyouts.

Significant Stock Ownership. Our named executives significantly exceed their minimum stock ownership guidelines, thereby strongly aligning their long-term interests with our shareholders. We recently increased the minimum stock ownership requirement for our Chairman and Chief Executive Officer to a multiple of six times his base salary.

Severance Agreement Policy. We will not enter into any future severance agreements with senior executives that provide for cash severance payments exceeding 2.99 times base salary and bonus or that provide for excise tax gross-up payments, without shareholder approval.

Clawback and Recapture Policy. Our policy allows us to clawback compensation paid to key employees and executives in the event of a financial restatement.

Compensation Risk Assessment. We conducted a compensation risk assessment and 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 us.

Independent Compensation Committee. Each member of the Compensation Committee is independent as defined in the corporate governance listing standards of the New York Stock Exchange and our director independence standards.

Outside Compensation Consultant. The Compensation Committee utilizes the services of an outside compensation consultant.

Use of Tally Sheets. When approving changes in compensation for our named executives, the Compensation Committee reviews a tally sheet for each named executive.

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Overview of Our Executive Compensation Program

The principal components of our executive compensation program are base salary, annual cash incentive compensation, and long-term equity incentive compensation through stock options and restricted stock. We also provide other employee and executive benefits. We benchmark our executive compensation against compensation paid at similar chemical, building product manufacturing and retail companies, as well as against compensation derived from an average of three general broad-based surveys of industrial companies of similar size to us. We use this market compensation information to ensure that our executive compensation program is competitive in comparison with our peers.

The Compensation Committee.

The Compensation and Management Development Committee reports to the Board of Directors on all compensation matters for approximately 20 of our executives and key salaried employees, including our named executives. You may learn more about the Compensation Committee s responsibilities by reading the Compensation Committee s charter, which is available in the Corporate Governance section on the Investor Relations page of our website at www.sherwin.com. The Compensation Committee enlists the assistance of an outside compensation consultant in order to fulfill its responsibilities. We have included additional information about the Compensation Committee, including the role of 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 create value for our shareholders. We believe it is important that our compensation programs:

Are competitive. Our programs are designed to attract, hire, retain and motivate talented and skilled individuals at all levels of our company around the world. We structure our compensation programs to be competitive with the compensation paid by similar companies.

Maintain a *performance and achievement-oriented culture.* A significant percentage of our employees are on incentive plans tied to performance goals. 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 we believe help drive our business. We reward employees for overall company results and business unit results while also recognizing individual performance. We reward employees for achieving and exceeding performance goals, without creating a sense of entitlement and without encouraging unnecessary or excessive risk taking.

Align the interests of our executives with those of our shareholders. We believe it is important that a portion of our executives incentive compensation is directly tied to the price of our common stock to align the financial interests of our executives with the interests of our shareholders and to keep our executives focused on sustained financial performance. Compensation paid out to our executives increases with the rise in the price of our common stock; if our common stock price declines, executive compensation declines as well. In addition, we have implemented minimum stock ownership requirements for our officers and operating presidents.

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Components of Compensation.

The components of our 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 the 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, thereby aligning 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 dates of a 10-year term; Performance-based restricted stock (which vests based upon the achievement of financial performance goals); and time-based restricted stock (which vests at the end of a three-year period).
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; executive life insurance program and executive long-term disability program.

Allocation of Compensation Components.

We compensate our executives by using a balanced approach, which combines fixed and performance-based compensation, annual and long-term compensation, and cash and equity compensation. We determine this mix by reviewing the mix available at the peer companies listed below and broad-based survey data. We do not have a specific policy for the allocation of compensation between fixed and performance-based compensation, annual and long-term compensation, and cash and equity compensation.

We manage our business with the long-term goal of creating and maximizing shareholder value, and, accordingly, a significant percentage or our executive compensation is at risk and weighted towards company performance, long-term incentives and stock price appreciation. We think this is a key to our long-term success. The following table illustrates the allocation of the principal compensation components for our named executives for 2010. The percentages reflect the amounts of 2010 salary and targeted annual cash incentive compensation and the aggregate grant date fair values of stock options and shares of restricted stock granted in 2010. For 2010, 76% of these principal

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compensation components for our named executives in the aggregate was variable and tied to performance or our stock price.

Peer Companies and Benchmarking

Identification of Peer Companies.

Our executive compensation program is intended to be competitive in the market. At the request of the Compensation Committee, the compensation consultant identifies annually the compensation paid to executives holding equivalent positions or having similar responsibilities at chemical, building product manufacturing and retail peer companies with comparable sales. The compensation consultant also compiles compensation data derived from three general broad-based surveys of industrial companies of similar size to us. These surveys are sponsored by nationally recognized compensation consulting firms. Many of the peer companies, along with us, participate in the broad-based surveys, improving our compensation comparisons.

We monitor compensation paid at these peer companies because their size and business make them most comparable to us. We also believe these companies likely compete with us for executive talent. For compensation earned in 2010, these peer companies included the companies listed in the following table.

Air Products & Chemicals, Inc.	Eastman Chemical Co.	Newell Rubbermaid Inc.
Akzo Nobel, N.V.	Fortune Brands Inc.	Owens Corning
Ashland Inc.	Leggett & Platt Inc.	PPG Industries, Inc.
Avery Dennison Corporation	The Lubrizol Corporation	The Stanley Works
The Black & Decker Corporation	Masco Corporation	USG Corporation
Celanese Corporation	Mohawk Industries, Inc.	Weyerhaeuser Company

The Compensation Committee periodically reevaluates the peer group. For compensation to be earned in 2011, based upon information compiled by the compensation consultant, we revised the peer group because the total number of companies became too small for effective compensation comparisons. We removed the two smallest companies in size of revenue and added nine companies to our peer group so that the group is more comparable to us in size and business. In addition, two of the companies had merged with one another. 2009 annual revenues for the companies in the revised peer group range from $4.8 billion to $19.0 billion, with Sherwin-Williams ranking slightly above the 50th percentile in revenue. The revised peer group is set forth below.

Air Products & Chemicals, Inc.	Ecolab Inc.	Monsanto Company
Akzo Nobel, N.V.	Fortune Brands Inc.	Newell Rubbermaid Inc.
Ashland Inc.	The Goodyear Tire & Rubber Company	Owens Corning
Avery Dennison Corporation	Huntsman Corporation	Praxair, Inc.
Celanese Corporation	The Lubrizol Corporation	PPG Industries, Inc.
The Clorox Company	Masco Corporation	Stanley Black & Decker, Inc.
Crown Holdings, Inc.	MeadWestvaco Corporation	Weyerhaeuser Company
Eastman Chemical Co.	Mohawk Industries, Inc.	Whirlpool Corporation

Use of Market Compensation.

The compensation consultant calculates an average of (a) the compensation available at the peer companies (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. This market compensation provides a framework for us to evaluate the competitiveness of our executive compensation program and determine the mix of compensation components and target compensation levels. We generally benchmark the target compensation that we pay to our executives to approximate the median market compensation of comparable positions. We benchmark against market compensation because it allows us to attract and retain employees and helps us to manage the overall cost of our compensation program. We use this information only as a reference point, not as a determining factor or part of any arithmetic formula, in setting compensation. Performance drives compensation above or below market. When performance is strong, compensation is paid above the median; when performance is weak, compensation is paid below the median. The policies we use to make compensation decisions and the decisions we make are materially similar for all executives. These policies and decisions result in higher compensation levels for our Chairman and Chief Executive Officer primarily based upon the higher market compensation for chief executive officers.

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 principal compensation components that we pay to our executives are competitive in the aggregate.

The Compensation Committee 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. We do not have a formal policy of setting target compensation levels as a specific percentile of market compensation. Individual components may be greater than or lesser than that targeted because we focus on the overall competitiveness of the entire compensation program. Judgment and discretion may be used to adjust a component of compensation above or below the median market compensation for reasons such as an executive s performance, responsibilities, experience and tenure, our company-wide performance, and the amount of an executive s compensation in relation to other executives.

The following table sets forth the projected total direct compensation for each of our named executives as a percent of the median market total direct compensation. For purposes of this table, projected total direct compensation includes 2011 base salary, 2011 targeted annual cash incentive compensation, stock options granted in 2010 and the targeted value of restricted stock granted in 2011.

Named Executive	Projected Targeted Total Direct Compensation as a Percentage of Market Compensation
C. M. Connor	99.7%
J. G. Morikis	108.4%
S. P. Hennessy	114.4%
S. J. Oberfeld	210.4%
T. W. Seitz	106.6%

The median total direct compensation paid by the peer companies generally reflects 2009 compensation because more current compensation amounts were not available at the time the Compensation Committee reviewed the information. The projected targeted total direct compensation for Mr. Oberfeld materially exceeded median market compensation due to his new position as Senior Vice President Corporate Planning and Development. In connection with this promotion, Mr. Oberfeld received a one-time grant of stock options. The actual amounts we pay our executives may vary from the targeted amounts based upon the achievement of company, business unit and individual 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.

Principal Components of Our Executive Compensation Program

Base Salary.

Salary Ranges. Each executive salaried position at our company is assigned a salary grade that corresponds to a salary range with a minimum and maximum. We review the salary ranges against market base salaries based upon the position and level of responsibility. The midpoint of the range generally approximates the median market salary paid for an equivalent or similar position at the peer companies and according to the broad-based surveys. The Compensation Committee reviews and approves the base salary of each executive annually and at other times in connection with any promotion or other change in responsibility. Base salary is the only fixed component of our executives total direct compensation. Annual base salary increases are effective in February.

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 operating 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 position, but who receives the highest performance rating) towards the median market salary for his position. For 2010, we adopted an overall 2.0% merit budget for annual salary increases with possible merit increases ranging from 0% to 6.5%. For 2011, we adopted an overall 2.5% merit budget for annual salary increases with possible merit increases ranging from 0% to 6.5%.

Annual Performance Appraisal. All salaried employees, including our executives, undergo an annual performance appraisal. The executive s performance for the prior year is evaluated by his direct supervisor, and our Chairman and Chief Executive Officer reviews each of these evaluations. With regard to the evaluation of our Chairman and Chief

Executive Officer, each director provides ratings and comments for performance results, business strategy, developing a management team, and

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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 executive is assigned a performance rating by his or her direct supervisor that corresponds with a range of potential merit increases. The direct supervisor recommends salary adjustments based upon the executive s performance results (accomplishment of incentive performance goals, financial accomplishments and other contributions) and leadership skills (including work ethic and strategic contributions). The performance appraisal also considers the executive s overall responsibilities, experience and tenure in his particular position. These factors are not quantified or weighted in any objective manner. Instead, discretion and subjective judgment is used in assessing those factors in a qualitative manner and in approving a specific merit increase within the range. In any one year, any one factor or group of factors may play a larger role in determining the amount of a merit increase compared to any previous year. Our Chairman and Chief Executive Officer reviews and approves and/or adjusts each of the salary recommendations.

2010 and 2011 Base Salaries. In our effort to manage employee-related costs during the recent recession, none of our named executives received a merit salary increase in 2009. As business conditions began to improve, the Compensation Committee approved merit salary increases of 2% - 2.5% for 2010 and 2011 for our named executives, other than Mr. Connor. Mr. Connor declined a merit salary increase for 2010 and 2011. The table reflects a $37,000 increase to Mr. Morikis 2010 base salary to offset the elimination of the executive automobile program.

Named Executive	% Merit Increase for 2010	2010 Base Salary ($)	% Merit Increase for 2011	2011 Base Salary ($)
C. M. Connor	0%	1,221,987	0%	1,221,987
J. G. Morikis	2.5%	760,205	2.5%	779,220
S. P Hennessy	2.0%	573,370	2.5%	587,704
S. J. Oberfeld	2.0%	523,259	2.5%	536,354
T. W. Seitz	2.0%	483,385	2.5%	495,482

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Annual Cash Incentive Compensation.

We pay annual cash incentive compensation to our executives under our shareholder-approved 2007 Executive Performance Bonus Plan. All of our executives participate in our Performance Plan. Our annual incentive compensation program is intended to motivate and compensate our executives for achieving annual performance goals that strengthen our company over the long-term. Our Performance Plan is designed so that our executives may earn higher than average annual cash incentive compensation for achieving above target business results and lower than average 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 executives as a percent of their base salary. Target incentive awards are determined by using the median market annual cash incentive compensation, which generally equals the amount an executive could receive under our Performance Plan if he achieves a 100% average of his performance goals. The maximum incentive awards are determined by using the maximum annual cash incentive compensation available at the peer companies and according to the broad-based surveys.

The following table sets forth the 2010 minimum, target and maximum cash incentive compensation levels, as a percent of base salary, for each named executive. For 2010, we increased the target and maximum annual cash incentive levels for Mr. Connor (to 105% and 210%, respectively) to align those levels with the target and maximum annual cash incentive compensation available at the peer and survey companies.

	Incentive Amount as a Percentage of Salary		
Named Executive	**Minimum**	**Target**	**Maximum**
C. M. Connor	0%	105%	210%
J. G. Morikis	0%	75%	150%
S. P. Hennessy	0%	75%	150%
S. J. Oberfeld	0%	60%	120%
T. W. Seitz	0%	60%	120%

Annual Performance Goals. The Compensation Committee approves the performance goals of our named executives. Our Chairman and Chief Executive Officer also approves the goals of our other named executives. Our Chairman and Chief Executive Officer, our Chief Operating Officer and our Chief Financial Officer have identical financial performance goals. Performance goals for our other two named executives vary by executive and include goals related to the business unit or function for which such person has responsibility. We use multiple performance goals to encourage executives to have a well-rounded approach to their performance and not concentrate on achieving just one goal. Performance goals are typically weighted between 10% and 40%.

For 2010, the Compensation Committee reviewed our annual operating budget and approved target financial performance goals that were set at levels that were of the same magnitude as set forth in our 2010 annual operating budget. Target levels were adjusted to reflect the 2010 acquisitions of Becker Acroma Industrial Wood Coatings, Sayerlack Industrial Wood Coatings and Pinturas Condor. We set challenging performance goals the target levels for most of the 2010 financial performance goals were set at levels that showed improvement over 2009 actual results. The Compensation Committee provides appropriate incentives for executives to exceed performance targets levels, and the maximum levels of performance are intended to require significant effort to reach. Maximum levels of 2010 financial performance goals were generally set at levels equal to at least two times the percentage improvement from 2009 actual results to 2010 target levels.

The Compensation Committee reviews and approves each named executive s achievement of performance goals for the prior year. In determining the level of achievement of performance goals, the Compensation Committee may exercise its discretion whether to reflect or exclude the impact of

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extraordinary non-recurring items or changes in accounting standards, principles and statements. In determining the level of achievement for two of the 2010 financial performance goals (earnings per share and after tax return on net assets employed), the Compensation Committee excluded the impact of the one-time increase in income tax expense relating to the federal healthcare reform legislation. The Compensation Committee made this adjustment because the impact was unanticipated, resulted solely from a change in existing healthcare laws and was not related to our ordinary business operations.

The following table shows for each named executive the 2010 performance goals, weightings, targets and actual results.

2010 Annual Cash Incentive Performance Goals

Named Executive	Performance Goals and Weightings	Target	Actual Results
C. M. Connor J. G. Morikis	Earnings per share (weighted 40%, 20% and 40%, respectively)	$4.07	$4.21
S. P. Hennessy	Net sales (weighted 20%, 30% and 20%, respectively)	$7.56 billion	$7.78 billion
	Earnings before interest, taxes, depreciation and amortization (weighted 20%, 30% and 20%, respectively)	$907.76 million	$923.69 million
	After tax return on net assets employed (weighted 20%)	12.56%	14.97%
S. J. Oberfeld	Paint Stores Group sales (weighted 20%)	$4.30 billion	$4.38 billion
	Paint Stores Group profit before taxes (weighted 20%)	$477.21 million	$492.54 million
	Paint Stores Group return on sales (weighted 20%)	11.1%	11.24%
	Paint Stores Group return on net assets employed (weighted 20%)	42.5%	44.90%
	Paint Stores Group percentage increase for gallons over prior year (weighted 20%)	0.7%	0.35%
T. W. Seitz	Earnings per share (weighted 20%)	$4.07	$4.21
	Net sales (weighted 20%)	$7.56 billion	$7.78 billion
	After tax return on net assets employed (weighted 10%)	12.56%	14.97%
	Earnings before interest, taxes, depreciation and amortization (weighted 10%)	$907.76 million	$923.69 million
	Consolidated corporate cost savings (weighted 30%)	$65 million	$74.34 million
	Development of enterprise wide strategy for export/import business (weighted 10%)	1.00	1.00

We intend annual cash incentive amounts to be fully deductible for federal income tax purposes under Section 162(m) of the Internal Revenue Code. In order to achieve this, we establish an annual maximum payout amount against which payouts for achievements may be made to 162(m) participants. The maximum payout for 162(m) participants is based upon one or more of the performance measurements defined in our 2007 Executive Performance Bonus Plan. For 2010, the Compensation Committee approved 0.7% of earnings before interest, taxes, depreciation and amortization (EBITDA) as the amount of the maximum payout for 162(m) participants. We selected EBITDA as the method for determining the amount of the maximum payout because we consider EBITDA a useful measure of our operating profitability. We explain how we calculate EBITDA on page of our 2010 Annual Report to Shareholders. For 2010, Sherwin-Williams EBITDA was $923.69 million. This amount resulted in a maximum payout of $6.47 million for the 162(m) participants. After the Compensation Committee determines the amount of the maximum payout, the Compensation Committee may

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exercise discretion to reduce, but not to increase, the amount of each individual award based on the performance goals as described above.

The following table shows the actual annual incentive compensation amounts earned by our named executives during 2010.

	Actual 2010 Annual Incentive Compensation Earned	
Named Executive	**Amount ($)**	**% of Salary**
C. M. Connor	2,085,000	170%
J. G. Morikis	910,000	122%
S. P. Hennessy	697,000	122%
S. J. Oberfeld	528,000	101%
T. W. Seitz	458,000	95%

Long-Term Equity Incentive Compensation.

We grant long-term equity incentive compensation annually under our 2006 Equity and Performance Incentive Plan. Our long-term equity compensation program for our executives consists of stock options, performance-based restricted stock and time-based restricted stock. We believe this structure provides an appropriate balance among aligning executive interests with those of our shareholders, encouraging executive retention, and rewarding executives for sustained performance results. Our stock option program is the primary means in which we grant long-term stock compensation to a broad group of key employees to focus their efforts on our long-term performance and stock price improvement. Our restricted stock program is designed for a more select group of key employees and rewards participants based upon the achievement of financial performance goals and for the appreciation in our stock price.

At last year s Annual Meeting, our shareholders amended and restated our 2006 Equity and Performance Incentive Plan and adopted improved practices under the plan, including:

- adding a double-trigger acceleration provision with respect to the vesting of new awards in connection with a change of control. Upon a change of control, awards that are assumed by the surviving entity will continue to vest and become exercisable in accordance with their original terms unless, within three years after the change of control, the participant s employment is terminated other than for cause or the participant terminates his or her employment for good reason.

- eliminating the payment of current dividends for new grants of performance-based restricted stock. The payment of dividends on new grants of performance-based restricted stock is now deferred and paid only if and to the extent the restricted stock vests based on the achievement of the performance goals.

Equity Grant Practices. When making equity grants, we begin by determining the median market value of long-term equity incentive compensation. We allocate that value between stock options and restricted stock by targeting comparable values for stock options and restricted stock. We allocate the mix of stock options and restricted stock in this way because we want to equally reward the growth in the value of our common stock and the achievement of financial performance goals. Long-term incentive opportunities are intended to be competitive with market long-term incentive opportunities. Therefore, we do not consider the amount of outstanding stock options and shares of restricted stock currently held by an executive when making awards of stock options and restricted stock.

We have used a consistent approach in granting stock options and restricted stock over the years. We grant stock options and restricted stock on an annual basis at regularly scheduled Compensation Committee meetings. We schedule the dates of these meetings approximately three years in advance.

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At each February Compensation Committee meeting, we grant restricted stock. This meeting typically occurs in the third week of February, approximately three or four weeks after we release our annual earnings results. At each October Compensation Committee meeting, we grant stock options. These grants are made typically on the same day that the Audit Committee approves our earnings release for the third quarter and a day or so before we release our third quarter earnings results. We grant restricted stock and stock options in February and October so that our annual grants are made at different times of the year. We may also grant restricted stock and stock options at other Compensation Committee meetings in connection with an employee s initial hire, promotion and other events. The dates of these grants may occur shortly before we release our quarterly earnings results. We do not take into account our earnings results when determining the number of stock options or shares of restricted stock to be granted or the date of grant.

The following table shows the number of stock options and shares of performance-based and time-based restricted stock granted to our named executives during 2010.

		Number of Shares of Restricted Stock Granted in 2010	
Named Executive	**Number of Stock Options Granted in 2010**	**Performance-Based**	**Time-Based**
C. M. Connor	115,000	32,500	16,250
J. G. Morikis	40,000	14,000	7,000
S. P Hennessy	32,000	9,300	4,700
S. J. Oberfeld	40,700	8,600	4,300
T. W. Seitz	16,750	4,600	2,300

Stock Options. The number of stock options granted to an executive is based upon the executive s position and level of responsibility using comparable positions at the peer companies and according to the broad-based surveys. We determine the specific number of stock options to be granted by calculating the Black-Scholes value of the stock options over a prior 90-day period. Black-Scholes is a generally accepted model used in estimating the value of stock options. The Compensation Committee generally grants stock options to approximate median market value.

In accordance with the terms of our stock plan, the option exercise price is equal to the average of the high and low market price of our common stock on the date options are granted. Accordingly, the exercise price may be higher or lower than the closing price of our common stock on that day. The Compensation Committee believes that the average of the high and low prices is a better representation of the fair market value of our stock and is less volatile than the closing price given potential intra-day price volatility. We do not reprice stock options our stock plans do not permit repricing without shareholder approval and do not contain reload features.

Restricted Stock. Beginning with the 2010 grant of restricted stock, our annual grant of restricted stock consists of two-thirds performance-based shares and one-third time-based shares, both vesting at the end of a three-year period. We made this change to reflect current market practices. We designed our time-based shares to vest at the end of the three-year period, rather than ratably over the vesting period, to strengthen the retention power of the grants.

With respect to the performance-based shares, the number of shares granted is equal to approximately two times the target value, and we correspondingly set maximum goals higher making achievement of the goals more difficult to attain in order to provide a greater incentive for above target performance. The financial goals for the 2010 grant of performance-based restricted stock include average return on average equity and earnings per share. The Compensation Committee selected these two performance measures because they reward our executives in achieving two important business objectives earnings growth and improved return on resources provided by our shareholders.

Return on equity and earnings per share are the two most common measurements used by the peer group in their performance plans. In addition, earnings per share is widely communicated and easily understood and is a key measure used in evaluating the success of our company s performance and in determining the market value of our common stock. The Compensation

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Committee believes these objectives help us improve our long-term financial results and, therefore, are expected to increase shareholder value.

The 2010 grant of performance-based restricted stock provides for payouts that correspond to specific earning per share and average return on average equity goals over a three-year period (2010-2012) as illustrated in the following table. Performance between the achievement levels is measured on a sliding scale basis. We use this sliding scale to reward improvements in our results at various achievement levels, while not encouraging executives to take unnecessary risks to hit achievement levels with larger payouts.

	3 Year Cumulative EPS	% of Target	ROE 3 Year Average Above 18%	15% to less than 18%	12% to less than 15%	Below 12%
Maximum	$15.92	200				