

SHERWIN WILLIAMS CO
Form DEF 14A
March 07, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

Edgar Filing: SHERWIN WILLIAMS CO - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

The Sherwin-Williams Company

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 18, 2012

The Annual Meeting of Shareholders of THE SHERWIN-WILLIAMS COMPANY will be held in the Landmark Conference Center, 927 Midland Building, 101 West Prospect Avenue, Cleveland, Ohio on Wednesday, April 18, 2012 at 9:00 A.M., local time, for the following purposes:

1. To fix the number of directors of Sherwin-Williams at 9 and to elect the 9 director nominees named in the attached Proxy Statement to hold office until the next Annual Meeting of Shareholders and until their successors are elected;
2. To approve, on an advisory basis, compensation of the named executives;
3. To approve the amendment and restatement of the 2007 Executive Performance Bonus Plan;
4. To ratify the appointment of Ernst & Young LLP as Sherwin-Williams independent registered public accounting firm;
5. To consider a shareholder proposal if presented at the Annual Meeting; and
6. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on February 24, 2012, 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

Edgar Filing: SHERWIN WILLIAMS CO - Form DEF 14A

Cleveland, Ohio 44115-1075

March 7, 2012

ADMISSION TO THE 2012 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 24, 2012. We may ask you to present evidence of share ownership and valid photo identification to enter the Annual Meeting. Please refer to the section entitled "How can I attend the Annual Meeting?" for further information.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 18, 2012.

Sherwin-Williams Proxy Statement and 2011 Annual Report to Shareholders are available at <http://proxymaterials.sherwin.com>.

Table of Contents

TABLE OF CONTENTS

<u>General Information</u>	1
<u>Questions and Answers about the Meeting</u>	1
<u>Corporate Governance</u>	5
<u>Proposal 1 Election of Directors</u>	9
<u>Additional Information about Our Directors</u>	13
<u>Independence of Directors</u>	13
<u>Experiences, Qualifications, Attributes and Skills of Directors and Nominees</u>	15
<u>2011 Director Compensation Table</u>	16
<u>Director Compensation Program</u>	17
<u>Board Meetings and Committees</u>	18
<u>Committee Membership</u>	18
<u>Audit Committee</u>	18
<u>Compensation and Management Development Committee</u>	19
<u>Nominating and Corporate Governance Committee</u>	20
<u>Audit Committee Report</u>	22
<u>Compensation Committee Report</u>	22
<u>Compensation Risk Assessment</u>	23
<u>Executive Compensation</u>	
<u>Compensation Discussion and Analysis (CD&A)</u>	24
<u>Summary Compensation Table</u>	41
<u>2011 Grants of Plan-Based Awards Table</u>	44
<u>Outstanding Equity Awards at December 31, 2011 Table</u>	47
<u>2011 Option Exercises and Stock Vested Table</u>	48
<u>2011 Nonqualified Deferred Compensation Table</u>	48
<u>Potential Payments upon Termination or Change in Control</u>	50
<u>Estimated Payments upon Termination or Change in Control Table</u>	54
<u>Equity Compensation Plan Information</u>	55
<u>Proposal 2 Advisory Approval of Compensation of Named Executives</u>	55
<u>Proposal 3 Amendment and Restatement of the 2007 Executive Performance Bonus Plan</u>	57
<u>Proposal 4 Ratification of Appointment of the Independent Registered Public Accounting Firm</u>	60
<u>Matters Relating to the Independent Registered Public Accounting Firm</u>	61
<u>Proposal 5 Shareholder Proposal Relating to Majority Voting</u>	62
<u>Security Ownership of Management</u>	64
<u>Security Ownership of Certain Beneficial Owners</u>	65
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	66
<u>Certain Relationships and Transactions with Related Persons</u>	66
<u>Shareholder Proposals for the 2013 Annual Meeting</u>	67
<u>Householding Information</u>	68
<u>Annual Report on Form 10-K</u>	68
<u>Appendix A Director Independence Standards</u>	A-1
<u>Appendix B 2007 Executive Performance Bonus Plan (As Amended and Restated Effective January 1, 2012)</u>	B-1

Table of Contents

THE SHERWIN-WILLIAMS COMPANY

101 West Prospect Avenue

Cleveland, Ohio 44115-1075

PROXY STATEMENT

March 7, 2012

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 18, 2012. We began mailing these proxy materials to our shareholders on March 7, 2012. 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, 2011 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 approval of compensation of named executives	FOR
3. Amendment and Restatement of 2007 Executive Performance Bonus Plan	FOR
4. Ratification of Ernst & Young LLP as our independent registered public accounting firm	FOR
5. 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 24, 2012, the record date for the Annual Meeting. At the close of business on the record date, 103,829,953 shares of common stock and 147,690 shares of ESOP serial preferred stock were outstanding. Each share owned on the record date is entitled to one vote.

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

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

Table of Contents

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, 3 and 4 and *AGAINST* Proposal 5. 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 11:00 p.m. E.D.T. on April 17, 2012; 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 and 5 are considered non-routine matters. Therefore, if you do not instruct your broker how to vote on Proposals 1, 2, 3 and 5, your broker does not have the authority to vote on those proposals. This is generally referred to as a broker non-vote. Proposal 4 is considered a routine matter and, therefore, broker non-votes are not expected to exist on that proposal.

Who tabulates the votes?

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

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

If you are a participant in one of these plans, your proxy card also serves as voting instructions for the number of shares for which you are entitled to direct the vote under each plan. You may vote your

Table of Contents

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 13, 2012 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 9 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, any nominee 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 Approval of Compensation of Named Executives (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.

Amendment and Restatement of the 2007 Executive Performance Bonus Plan (Proposal 3). The amendment and restatement of the 2007 Executive Performance Bonus Plan requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote.

Ratification of Independent Registered Public Accounting Firm (Proposal 4). The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast. Abstentions with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote.

Shareholder Proposal (Proposal 5). Proposal 5 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.

Table of Contents

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 24, 2012, 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 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 24, 2012, 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 \$15,500 plus reasonable expenses.

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

Are the Proxy Statement and the 2011 Annual Report to Shareholders available on the Internet?

Yes. This Proxy Statement and our 2011 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.

Table of Contents

CORPORATE GOVERNANCE

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 and Lead Director.

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 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 we can most effectively execute our business strategies and plans if our Chairman is also a member of our management team. A single person, acting in the capacities of Chairman and Chief Executive Officer, provides unified leadership and focus.

Lead Director. We balance the combined roles of Chairman and Chief Executive Officer by the appointment of a Lead Director. Richard K. Smucker, who has served on the Board since 1991, is currently the Lead Director. The independent directors of the Board elect the Lead Director. The Board believes that a Lead Director improves the Board's overall performance by improving the efficiency of the Board's oversight and governance responsibilities and by enhancing the relationship between the Chief Executive Officer and the independent directors.

The responsibilities of the Lead Director are as follows:

Chair meetings of the Board at which the Chairman is not present.

Chair executive sessions of the non-management directors. Meet separately with the Chairman after executive sessions to review the matters discussed during the executive sessions.

Review with the Chairman the schedule for meetings of the non-management directors and set the agenda for such meetings.

Facilitate communications and serve as the principal liaison on Board-related issues between the Chairman and the non-management directors. Each director, however, is free to communicate directly with the Chairman.

Review with the Chairman the schedule for meetings of the Board to help assure that there is sufficient time allocated for discussion of all agenda items.

Suggest to the Chairman agenda items for meetings of the Board and approve the agenda, as well as the substance and timeliness of information sent to the Board.

Edgar Filing: SHERWIN WILLIAMS CO - Form DEF 14A

Authorize the retention of independent legal advisors, or other independent consultants and advisors, as necessary, who report directly to the Board on Board-related issues.

Act as a resource for, and counsel to, the Chairman.

Table of Contents

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. Non-management directors meet at least twice each year in regularly scheduled executive sessions chaired by the Lead Director. The Lead Director may schedule additional executive sessions as appropriate. The Board has full access to our management team at all times. In addition, the Board or any committee may retain independent legal, financial and other consultants and advisors to advise and assist the Board or committee in discharging its oversight responsibilities.

Business Ethics Policy.

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 our 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 us, including financial, strategic, operational, litigation, compliance and reputational risks.

The Audit Committee has oversight responsibility to review management's risk management process, including the policies and guidelines used by management to identify, assess and manage our exposure to risk. The Audit Committee also has oversight responsibility for financial risks. 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 our 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, the Lead Director or the chairperson of

Table of Contents

any of the committees of the Board. You may send communications by regular mail to the attention of the Lead Director; Chair, Audit Committee; Chair, Compensation and Management Development Committee; or Chair, 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), 9 of our current 10 directors and 8 of our 9 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 and publicly disclose the Board's decision and process in a 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 Lead Director or the non-management directors. The Lead Director will chair these sessions.

Table of Contents

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 2012, the Board and each of its committees completed self-evaluations and reviewed and discussed the results. The Nominating Committee oversees this process.

Board Committee Charters.

The 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.

Stock Ownership Guidelines.

The Board of Directors believes 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. 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 executives and key employees. 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; and

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

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

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

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

The Dodd-Frank 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.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, the number of directors is to be fixed at 9, and 9 directors are to be elected to hold office until the next Annual Meeting and until their successors are elected. Each nominee was elected by the shareholders at the 2011 Annual Meeting, except for Mr. Kramer, who was nominated to be elected a director by unanimous action of the Board of Directors on February 15, 2012.

Our Board currently has 10 members. All are standing for re-election as nominees, except for Messrs. Boland and Moll, who are retiring as directors at the Annual Meeting in accordance with the Board's retirement policy.

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: 54

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.

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

CHRISTOPHER M. CONNOR

Chairman and Chief Executive Officer,

Sherwin-Williams

Director of Sherwin-Williams since 1999

Age: 55

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 has been with

Table of Contents

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 National City Corporation.

Key Qualifications, Attributes and Skills. Mr. Connor, who has spent 29 years with Sherwin-Williams and who currently serves as Chairman and Chief Executive Officer, has 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: 64

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

THOMAS G. KADIEN

Senior Vice President,

Consumer Packaging and IP Asia,

International Paper Company

Director of Sherwin-Williams since 2009

Age: 55

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 Director of The Andhra Pradesh Paper Mills Limited and a Member of the Board of Visitors of the University of Memphis.

Key Qualifications, Attributes and Skills. 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.

Table of Contents

RICHARD J. KRAMER

Chairman of the Board, Chief Executive

Officer and President,

The Goodyear Tire & Rubber Company

Age: 48

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

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

SUSAN J. KROPF

Retired, Former President and

Chief Operating Officer,

Avon Products, Inc.

Director of Sherwin-Williams since 2003

Age: 63

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

Table of Contents

A. MALACHI MIXON, III

Chairman,

Invacare Corporation

Director of Sherwin-Williams since 1993

Age: 71

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. 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.

RICHARD K. SMUCKER

Chief Executive Officer,

The J.M. Smucker Company

Director of Sherwin-Williams since 1991

Lead Director since 2011

Age: 63

Business Experience. Richard K. Smucker has served as Chief Executive Officer of The J.M. Smucker Company (makers of food products) since August 2011. Mr. Smucker served as Co-Chief Executive Officer of J.M. Smucker from February 2001 to August 2011, Executive Chairman of J.M. Smucker from June 2008 to August 2011, 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. 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: 61

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.

Table of Contents

Key Qualifications, Attributes and Skills. Mr. Stropki has vast management, technical, manufacturing and leadership skills at an industrial company with a long history of financial improvement. His 39 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

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;