BOB WELLS: Good morning everybody! Could I get you all to find a seat as soon as possible? I know some people are still getting breakfast, so grab breakfast and find a place to sit so we can get started and stay on time. My name is Bob Wells and I'm the Head of Investor Relations for Sherwin-Williams. Let me be the first to welcome you to Cleveland for our annual financial community presentation. Whether you've come from across the country, around the world or just across town, we really appreciate you making the trek and we're confident that this day is going to be worthwhile. For those of you who have attended this event in Cleveland in the past, you know that this is a change of venue.

Normally, we hold this meeting upstairs on the ninth floor in an auditorium. Unfortunately, that auditorium only holds about a hundred people and we have many more than that here this morning, so we really appreciate you all turning out. This venue is somewhat experimental. It's called, "The Van Sweringen Arcade". We love this room because of the -- obviously the beautiful woodwork. We also decided to hold it here because it is a adjacent to our Center of Excellence, which is the room behind the glass there. The Center of Excellence is a living archive of Sherwin-Williams' history. I think you all know or you may know that this year is our 150th year in business, and most of those 150 years are pretty well documented behind that glass wall right there. The Center is open all morning, so please feel free during breaks or during lunch to go in there, and wander around. Maranda in the blue dress right there, standing in the back is ready, willing and able to help you to answer questions and all of that. So, please take advantage of the Center of Excellence.

Speaking of history, the building we are in is called, "The Landmark Office Tower", and it's been our headquarters for the past 86 years. It is a jewel of the Cleveland Skyline. You can see right there circled in red. Well, that's not the most flattering picture, perhaps maybe a more dramatic angle. Well, it looks better at night for certain and even better in an artist rendering. But probably the best view of The Landmark Office Tower is the view from the corner of Ontario and Huron, it looks something like that.

You may have noticed coming into town that this building is adjacent to Quicken Loans Arena where the Cavaliers play. Quicken Loans Arena is going to be a very high profile building over the next few months. Assuming the Cavaliers can pull out one more win and capture the Eastern Conference title, the "Q" will host the NBA Championships during the month of June. Then in the month of July, the Republican National Convention moves in for as long as it takes. So it's safe to say the Arena will see its share of trash talking, bumping, pushing, shoving, elbow-throwing and flagrant fouls, and the basketball games are likely to get pretty physical too.

We have a very full agenda today. It's in your book. This is how it stacks up. There's a lineup of presentations going up to about 9:15. We'll take a break around 9:15 for 15 or 20 minutes, and then we'll wrap up to prepare remarks around 11 o'clock and save about 45 minutes or so for group questions and answers. We'll serve lunch right here in this room and please, as always, feel free to move around the room. Change tables during lunch so that you can talk to as many of the Sherwin executives that are going to present this morning as possible. Following lunch, we will go down these stairs and around the corner and board buses for a three-minute ride to our Breen Technology Center right down the hill for what we are calling a "product innovation tour".

On this tour, we're going to showcase, not only some really cool new products and technologies, but also an approach that we use in the development of new products and technologies. It's an approach that we call "opportunity territories". This approach is depicted by these icons. Each of which represents a broad opportunity territory for new products and services. You'll see these icons used throughout these morning's presentations and typically multiple icons relating to each new product that our presenters are going to talk about.

The six opportunity territories, specifically represented by these icons are maintenance and durability. The painting process as in making it easier, quicker, and more productive, custom solutions, customer connectivity, visual appearance, and visualization, and finally, sustainability. Again, you'll hear a lot more about this opportunity territory approach to product and service ideation and development this afternoon during our product innovation tour. I just wanted to introduce you to these icons so that you understood what they represented when you see them in these morning's presentations.

Finally, I'd like to express my heart-felt appreciation to all the people who worked so hard in addition to their regular jobs to make this day happen. Beginning with my team, Mike Conway, Kristy Johnson who does it all, and Shelley Gesler who couldn't be with us this morning due to a beautiful baby boy with a bad sense of timing, due on the 30th, came on the 5th. Our fabulous technical assistant from HR, Lizzie Lorek back there and back of the table, and help with anything and everything that needed doing from Dave Perry, Jennifer Otter and Miranda in our Center of Excellence. Last but certainly not least, our talented technical team, you will meet down at the Breen Technology Center this afternoon. Many of whom are here in the room this morning. I thank you all wherever you're sitting. Now, without further ado, let me introduce the next speaker.

BOB WELLS: -- which would be me. Those of you who have followed the paint and coatings industry for a while know that empirical data in this industry is very hard to come by. There is simply not very good measurement done by our industry, which is why each year we aggregate whatever market intelligence or market information we have and we take a stab at describing the market in both qualitative and quantitative terms. This approach admittedly is far from perfect and there isn't a whole lot of precision in the numbers that I'm about to present. But I do think it helps us to understand the general direction that the market is heading, where we are seeing strength and opportunity and where demand is lagging.

We always begin with a view globally. This is our view of the global market today, broken down by three broad categories: architectural paint, OEM coatings and special purpose coatings. The segment splits are based on revenue, U.S. dollars to be specific rather than gallons. Overall, we think in 2015, the global market grew a little more than 4% in revenues. By the way, if you're looking back to last year's chart, you'll notice that there's been a slight mix change towards special purpose coatings. That mix change has a lot more to do with an adjustment to last year's numbers than it does that particular category outperforming the market or the other categories in the market. It really didn't, but we made some adjustments to the categories over the last year.

By way of definition, architectural paint also called "decorative paint" is really the cleanest category. It's more homogeneous in the nature of the products that fall into that category, what most people would think of as house paint or paint used on architectural structures. OEM coatings include all factory applied finishes, so it would include categories like auto OEM, industrial wood, general finishing, packaging coatings, coil coatings. Most of which we compete in, a few of the categories we don't. Then finally, the special purpose category is also a catch-all category that includes even a broader range of subcategories like protective and marine, automotive refinish products, aerosol concentrates, traffic marking coatings, et cetera, and even some smaller categories that aren't called out very often. That's how we see the volumes across those three coatings categories.

Then, if you spread that geographically, both in terms of total coatings in the red box and then in our three subcategories, architectural in yellow, OEM in blue and special purpose in green, the Asia-Pacific Region accounts for just over 40% of global demand for all coatings products. You can see a little underweight in architectural relative to the rest of the world, but overweight certainly in OEM product finishes, not surprisingly that being a big manufacturing center. Europe, Middle East and Africa and the Americas pretty much split the balance of the global market.

Later on this morning, you're going to see similar graphs or similar geographic breakdowns of both OEM product finishes and protective and marine coatings, volumes by regions, just like I've done here. But the numbers that you're going to see later won't quite square up with the numbers you see on this graph. The reason for that is mostly attributed to product definition or category definition. The charts you'll see later in the morning represent the specific businesses we currently participate in. It wouldn't include categories like OEM auto, packaging and coil where we have little or no business in any of those categories. So, I'm just calling out what may appear later on as a bit of a disconnect or a contradiction, but in fact it's not.

On this pie chart, you'll see the 10 largest global producers of paint and coatings. Together, they represent a little over 50% of the market. Importantly, the balance of the market is highly fragmented with an estimated 5,000 to 7,500 competitors, most of them, small niche players who possess often times unique technology and serve narrow segments to the market. Moving a little closer to home, this breakdown is of the U.S. paint and coatings market by the same categories I showed you a moment ago for the global market. There are few important points to know here.

First is, that the U.S. market is heavily skewed towards architectural paint compared to the rest of the world. Although it's not the largest architectural paint market in the world, the U.S. is by far the leader in architectural paint consumption per capita. The second thing you'll notice is and not surprisingly, the average price per gallon sold or paid for paint and coatings in the United States is about 30% higher than the global average. This is in part a function of the relatively high cost of labor in the United States, which drives demand for premium products that reduce labor hours on a typical architectural or industrial job.

Drilling down another layer, according to the American Coatings Association, the U.S. architectural paint industry volume grew 5.1% in 2015 to 757 million gallons. A couple notes here as well. The first is, we think this estimate may be a little ambitious given the weather and labor constraints that plague the second and third quarter volumes last year, but it's the best information we have. So we use the 5.1% number to depict the U.S. market. Secondly, because normalized industry volume depicted by the red bar across the top grows at roughly the rate of GDP, and it's been growing faster than the rate of GDP over the last few years. We believe, high 700 millions to low 800 millions represent a pretty sustainable level of gallon sales or volume sales for the market. That has moved up from mid-700 millions range a decade ago.

So, the market is getting bigger, largely because the square footage in place today that needs maintenance -- and keep in mind, maintenance consume more than 80% of gallon volume in the industry in a typical year. The gallon volume required to maintain the existing square footage in America is growing all the time. We also expect professional painting contractors to represent a consistently larger share of the U.S. architectural paint volume over time. This has been true for the last probably three or four decades with a notable step back in contractor share, the contractors, the blue segment, the blue portion of these bars. The notable step back during the great recession where the bottom fell out on new construction and people were more inclined given their concerns about their economic futures, more inclined to do it themselves than to hire a contractor.

But this chart goes back to 1980, and you can see this long-term secular trend towards the contractor. This is due primarily to demographics, the aging of the population being the principle driver. If you watch U.S. Census Bureau data, you know that the population in the United States is going to continue to age for the next 25 years. Today, about 13% of the U.S. population is over the age of 65. In 25 years, that percentage will almost double to over 20% of the U.S. population over the age of 65. That definitely drives demand for "do it for me" versus "do it yourself". If you breakdown the American Coatings Association 5.1% growth rate for 2015 by end customer, we believe volume demand in the painting contractor market grew about 200 basis points faster than DIY in 2015. Now, keep in mind by way of definition here that we include certain

tradesman that we would call a remodeler or a handyman in the DIY category rather than in the painting contractor category.

To be classified in the blue portion of that bar, you need to generate more than 75% of your revenues applying paint. So those are painting specialists that represent a growing piece of the overall architectural coatings market. Now, if we drill down even further by end-market segment, by customer segment, the DIY portion of the market is the big blue wedge. As we said earlier, it's about 41%. It grew about 12 million gallons last year or 4% as I indicated earlier. All the contractor segments combined grew about 25 million gallons in 2015. The strongest sub-segment of which was the residential repaint contractor. We commented on that throughout the year, how residential repaint was outperforming all of the other architectural categories.

Residential repaint contractor, the green segment of that pie chart grew about 14 million gallons last year or about 7.5%. Followed by new residential, which was the second strongest performing professional segment, which grew about five million gallons. It's a much smaller segment. It grew about 6.5% or five million gallons. The non-residential segments of the market, both new construction and repaint grew by approximately six million gallons combined or just under 4%. So the non-residential segment has actually slightly underperformed DIY in the market as a whole.

This is what we expect a recovery to 810 million gallons to look like. DIY growth should slow to add only about six million more gallons as we get back to normalized level. Translation, DIY is actually operating very close to normalized levels today. New built, both residential and non-residential will be the biggest beneficiaries as homebuilders and commercial builders continue to respond to growing demand for units and new square footage. If you've been watching the market for new housing, and I realize that data tends to be volatile, but new housing demand is very strong right now in part because there's a lack of inventory in the existing home market. So the builders are stepping in somewhat slowly and reticently to fill the void of lack of existing home demand. Residential repaint, that green wedge will also continue to show strength as rising home values drive higher remodeling and redecorating activity. In total, the professional painter segments that you see here, we'll see almost 50 million incremental gallons as we make our way back to normalized levels in the market.

Last year, we introduced these arrows. The green arrow up indicating positive momentum in this market or region, the yellow arrow sideways, being neutral and the red arrow down being negative. We introduced these arrows as a method, as a mechanism for characterizing the momentum across various businesses and geographies. While the arrows are indicators of momentum -- by the way, in every respect, the arrows are subjective depictions of a compilation of often conflicting objective data. While the arrows are indicators of momentum in each of the categories of geographies we're going to show you, you shouldn't read them as the direction that we expect our business to trend necessarily. In case you wish to draw your own conclusions from this objective data, we've included a much of this subjective data in an appendix that follows these slides in your binder. We've included most of the data that we have drawn these conclusions from.

Let's begin with the general backdrop in U.S. architectural paint. At the highest level, architectural paint growth in the U.S. is correlated to GDP. In that respect, we expect GDP to be less of a positive force in architectural paint market growth over the next year. It certainly was less of a positive force in the first quarter. Consumer confidence is important because it affects decisions to form households, buy and remodel homes and start businesses. And it softened a bit over the course of 2015, finishing the year with consumers less confident than they were at the start of 2015. That malice has carried over into the first quarter of 2016.

Household formation is a very important driver and perhaps the most volatile metric here and opinions vary widely on the validity of the Census Bureau's data because it's based on such a small sample. According to that data, there were more occupied housing units in the first quarter of '16 than there were in the first quarter of '15. However, there were fewer occupied housing units in the first quarter of '16 than the end of '15, so household formation took a slight step back at the end of the year last year. Finally, homeownership rates are historic lows, which we've shown here as a negative. But this negative could certainly turn positive if those homeownership rates revert back to more historical norms. It would create tremendous demand for new housing. The new housing market appears strong. Based on this week's release, it might even be getting stronger.

Sales permits and start volumes are all in very solid, positive territories. Inventory drops below a five-month supply at April sales pace, which we regard here as a positive because it puts pressure on builders to put more inventory in place at a faster pace. Now, I contrast this to the existing home sales market where you see there, existing home inventories also well below five-month supply is a negative, because it is a constraint on sales. But existing home sales have remained strong throughout 2015 and into 2016. As I mentioned earlier, home value appreciation, that home equity line down at the bottom and rising home values drives remodeling and redecorating activity, people are simply more willing to invest in an appreciating asset.

On the non-residential front, high occupancy rates drive both demand for new square footage and maintenance activity in existing square footage, and with the exception of the multi-family sector, they can see rates are falling and projected to continue to fall. While contracts for new square footage are off their heights from 2014, starts rebounded in March and completions of projects started over the past two years are driving incremental demand for paint in the non-residential segments. Not surprisingly, our outlook for most of the Latin-American market is cautious at best. While we have reason to be cautiously optimistic in Mexico and even Brazil, it's likely to be awhile before our optimism translates into positive volume demand in most of the market south of the border.

OEM product finishes, another important category for us, which includes all categories I mentioned earlier: OEM auto, industrial wood, general finishing, coil and packaging. Some of those we don't compete in. The demand environment varies by region and by product category. Conditions continue to weaken in Latin-America. But in other markets, the outlook is neutral overall with some very positive opportunities for growth in specific customer segments across many geographic regions.

In automotive finishes, collision repair and vehicle refinish activity and volumes are driven in part by vehicle miles driven, which have risen significantly in the United States with falling gasoline prices. This is generally positive for the U.S. market for this aftermarket collision repair and vehicle refinish sales, but less so in Latin-America and Asia markets due to declining repair rates.

Then finally, the last category I'll address, protective and marine coatings appear to be getting less worse with the analyzation of declining oil and gas capex spending and energy prices beginning to firm up. While conditions in Latin-America shows very few signs of improvement, the rest of the world appears to be more encouraging. Again, you can find the data supporting these conclusions in the appendix, although it may not lead to the same conclusions that we drew. With that, it is my --

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BOB WELLS: Pleasure to introduce John Morikis, our President and Chief Executive Officer to present an overview of the company.

JOHN MORIKIS: Good morning everyone! Thank you for joining us here in beautiful Cleveland. We're required to say beautiful when we say Cleveland right now. My assignment this morning is to provide an overview of the company to set the stage for more detailed discussion of each of our reportable segments in business units. This overview will include a high-level summary of our consolidated financial results, and Sean will get into more details during his presentation, and some key competitive strengths that we believe stem from our organization and our strategy.

I'll also conclude my remarks with an overview of how the acquisition of Valspar strengthens our company in many important ways. But first, as most of you know, we're very proud to be celebrating our 150th anniversary this year. So we produced a brief video that captures some of our company's highlights and timelines that I like to share with you here. So, hope you enjoy this.

You'll see a few more timelines when we visit our technical center down the hill here shortly, after our presentations. But it's safe to say that we're proud of our history and focus on our future. We're excited to be here with you today to share some of those key points. It's often difficult to summarize the investment thesis for Sherwin-Williams in a few, short, succinct terms, but that's what I've attempted to do with these five bullet points that you see on the screen.

The first bullet captures the unique operational strengths of the company that enable us to generate strong business results year after year. Well, I know most of you are familiar with these strengths. I'll elaborate on them a bit later in this presentation. We're financially strong with sufficient balance sheet capacity to complete the Valspar acquisition with all cash. So I'm going to elaborate on this in just a few minutes. With the talent, scale and technology, Valspar brings our company, we'll be in a better position than ever to compete and grow globally, both in existing product categories and some new ones.

Our average annual return to shareholders over the past 10, 20 and 30-year periods was 21.7, 15.8, and 15.4 respectively. Last but certainly not least, because we retain employees at a very high rate relative to almost any company in any industry, our talent venture is deep and wide.

Here's a financial summary of our results over the past three years. You can clearly see the strong earnings leverage in this business. From 2013 to 2014 for example, sales grew a very respectable 9.2 %, which resulted an earnings per share growth of over 20%. Both EBITDA and that income also grew at rates well in excess of sales. In 2015, the rate of sales grew slow. But the year-over-year growth in EBITDA, net income, earnings per share and net operating cash all accelerated. This table clearly illustrates the effect of higher sales and production volumes on earnings. This is a volume-driven model. While SG&A de-levered by 20 basis points in 2015. The effect of higher architectural production volumes, the integration of Comex North America and row material deflation increased net income as a percent of sales by 150 basis points for the full year. The story is similar when you look at our first quarter 2016 versus first quarter 2015. We've backed out the expense related to the Valspar acquisition, charged to this quarter. The

5.1% year-over-year sales increase resulted in a 26% increase in EBITDA, a 29% increase in that income, and more than a 31% EPS improvement.

We report results across four reportable segments: the Paint Stores Group, the Latin America Coatings Group, Consumer Group and Global Finishes Group. You can see on this slide the various components of each. What is less obvious in this diagram is the collaboration that occurs between these various business units. For example, our Paint Stores Group works closely with the Latin America Coatings Group to share best practices in the areas of store operations, branding, marketing, including Hispanic marketing, national account development and more. Global supply chain, part of our Consumer Group provides manufacturing, distribution and logistics services, new product development support, and raw material procurement throughout the organization. These are just a few of the interdependent areas of nature of these organizations, a practice that will proliferate as we integrate Sherwin-Williams and Valspar.

Looking at the operating profit contribution by segment stands to reason that if volume and utilization drives profitability, then the segments with the best scale will generate the highest margins. This is certainly true here with the two North American segments: Consumer Group and Paint Stores Group, well above the company average due to our high supply chain utilization in North America. Global Finishes Group made a steady progress on margins last year due in part to volume growth in certain regions and in part to some ongoing productivity initiatives related to past acquisitions. Latin America faces some strong microeconomic headwinds from both currency devaluation and weak demand.

Controlled distribution is the hallmark Sherwin-Williams. We opened our first paint store in 1866 and never looked back. Most people associate this strength with architectural paint sold through our paint stores in the U.S, Canada, and Caribbean and that’s understandable. But we also distribute automotive finishes, protective and marine coatings, and OEM product finishes through company operated outlets. We also have a growing base of company-operated stores, and dedicated dealers located throughout Latin America. In total, approximately 75% of our sales are transacted through all the outlets that we operate. Valspar will add to our company-operated distribution platform in Australia with 64 stores doing business under the Wattle brand.

The main advantages of selling through your own outlets are familiar to most of you, but they bare reporting and repeating because they summarize our rationale for the added expense in running our stores.

Operating our own stores means we own a relationship with the customer who in most cases is the end user of the product. We get direct feedback on the performance of our products and our service model. This feedback lets us know when our product isn't living up to expectations and it drives new product and service development. Operating our own stores also gives us control over how products and brands are represented, inventory, stocking levels, and staffing decisions. Finally, we can decide where our next store or our next 100 stores are open and when. Properly managed the advantages of controlled distribution model more than justifies the added expense.

Most of you have seen this chart, but it’s a permanent part of our IR story because it communicates a very important aspect of our business model. Approximately, 85% of the cost of

delivering a can of prepared paints to the retail shelf is raw material cost, which means, when raw material cost rise, which they often do, it's often difficult to offset the impact through volume gains or cost reductions in other areas alone. You can see the impact of unprecedented raw material cost inflation during 2010, 2011 and 2012 in our gross margins, declining for two consecutive years before we were able to get sufficient pricing into the market to reverse the slide. This was an environment where we were chasing raw material cost inflation with price increases for multiple years. As raw material cost began to ease in 2013, our margins recovered. Aided in part by a positive mix effect from the introduction of new high-end products like Emerald, ProMar 200 Zero VOC and Harmony.

As in most industries, brands matter in paints and the coatings market. Brand awareness, familiarity and perception drives purchase intent and ultimately revenue growth, which is why we continually invest in our brands. Most people would assume that the Sherwin-Williams brand ranks high in the awareness and quality perception in the U.S. In fact, it is number one. What they might not know is that we also own the best-known brand of stains and varnishes, Minwax; the best recognized brand of aerosol paint, Krylon; the leading brand of auto specialty paint, Dupli-Color; the brand contractors choose most often in painting tools, Purdy; and one of the leading brands of wood sealers, Thompson's. Each of these brands enjoy broad distribution, largely as a result of the awareness and strong brand reputation we've built over the years.

Here's is just a sample of the many ways we leverage brand equity to expand the availability of our products, drive more sales through our controlled distribution platform, reduce working capital requirements, extend our presence into new product categories and provide a more unique and memorable customer experience. You'll hear more about many of these initiatives later this morning and this afternoon.

Product performance is a key driver for professional paint and coatings customers. Our consistent investment in new product development and commercialization over the past few decades has resulted in a steady stream of new and unique products year after year. Although we see ourselves as the innovators in every category of the market: architectural, industrial, automotive, protective and more, we've earned the reputation as the go-to company for what's new in the architectural space with our spring ProShows held across the country each year, and our must-see events for painting contractors looking for a technology advantage in an increasingly competitive market.

People development is both a competitive strength and core competency of our company. We've adapted the term, "talent supply chain" to describe this process because it fits so well. Our talent supply chain is designed to have the right people in the right place at the right time with a proper skill set and training to fulfill most of our manpower requirements. How successful is it? Here's some of the metrics that we tracked.

Last year, we hired more 1,400 new management trainees across all business units, an all-time record. Companies with a strong commitment to people development retain employees. Last year, our retention rate was above 91%. Finally, we filled more than 93% of all job openings across the company with internal candidates.

So that's a quick summary of the strengths of the Sherwin-Williams business model. Some of you may be thinking, for such a good business model, why acquire a Valspar? In short, because we think the combination of Sherwin-Williams is a win-win-win scenario. The company business model has strengthened by the addition of some key business and improved scale and some key non-domestic geographies. Our customers benefit from an expanded product line, enhanced technical capabilities, broader geographic availability in a more cost efficient company. Our shareholders benefit from a more efficient, more profitable enterprise with better growth prospects and stronger cash flow generation.

With the anticipated cost energies related to the transaction, the operating profit of the four reportable Sherwin-Williams Valspar segments combined is expected to increase more than $900 million on $4 billion in incremental sales, a 23% contribution margin. This results in pro forma operating margin of the four reportable Sherwin-Williams Valspar segments combined of 18.6%, 130 basis points higher than the 17.3% average operating margin of our core Sherwin-Williams reportable segments in 2015.

The combinations of these two companies also increased our exposure to some important geographic markets in Asia Pacific and Europe, which combined represent almost 70% of global paint and coatings demand. Valspar enhances Sherwin-Williams brand portfolio and brings some compelling new products and technologies to the combined company, brands that in some cases represents new business categories for Sherwin-Williams. The synergy targets for the combined company are realistic and achievable with additional upside potential well after the transaction closes. We recognized there are significant integration expertise in both companies, and we're identifying the best, most experienced team available in order to ensure a successful process. With these synergies, the transaction will be immediately accredited to earnings, excluding one-time transaction related expenses.

As you're probably aware, on May 11th, we issued a joint press release, announcing that Sherwin-Williams and Valspar received a second request for information from the FTC. This is common in transactions of this nature and it was expected. I would also point out that the regulatory reviews are underway in all jurisdictions where such a review is required. This obviously is a sensitive time as we work through the review process with the FTC. So, as you would expect, we're going to be limited in the amount of information that we can share. But we are cooperating with the regulatory agencies and remain confident that this transaction will close at the $113 per share price. So with that raw overview of the company, I'll be turning over the podium to a terrific management team. Today, you'll be –

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JOHN MORIKIS: You'll be hearing from Jay Davisson, our president of the Americas Group, Cheri Pfeiffer, our president of our Diversified Brands Division, Joel Baxter, our president of our Global Supply Chain, David Sewell, the president of Global Finishes Groups and a few of his key lieutenants who I'll let David introduce. But first, you'll be hearing from a man who needs no introduction, Mr. Sean Hennessy, our CFO. Thank you.

SEAN HENNESSY: Thank you, John. Thank you, John. I was sitting there wondering what he was going to say. We're near some great people, but before we deal here, Sean Hennessy. Good morning. Every year we try to show you some longer term metrics of financial metrics. I'm going to do the same thing today. But on top of that I'm going to try to also give you some comments about Valspar. John did a great job talking about Valspar, why Valspar, but I'm going to just share with you some other comments, consolidated sales, 2005, $7.2 billion. Just over $11.3 billion, nice increase, 58% increase. Well over 4.5% compounded growth. A couple of things become very obvious, so 2008 and '09, you can see what happened in that financial crisis and secondly, that increase of over $4 billion was really driven by organic sales. But we've also had some really nice successful acquisitions.

So you can see that over 50% increase for sales, we'll talk about that over time. Our gross profit has grown over 80% over that same period of time. And again in all these slides, the yellow bars are the absolute dollars and the red is the percent of sale. John did a nice job at talking about consolidate gross profit. I'll go real quick. We like to show this over longer term for a couple of reasons. Number one, we think our gross margin is in a narrow band. Number two, as John showed, we think we have pricing power. So if the raw materials go up, we have the ability to capture that in the market. And number three, over time, that band will grow. Back in 2005, we used to talk about a 41% to 42% to 45% band. Now we're in a 48 to 51.5% band. But I also wanted to show what's going to happen once we do combine with Valspar.

So the purple line is our gross margin restated in '13, '14, and '15 with the combined companies. You can see the gross margin would increase by 3.7% but it's still well below where we are today and it's coming off a smaller base.

SG&A over this longer term, we've controlled that between 32.2% and 35.7%, 32 was when the market was very hot. Bob showed you the market bank in that time and it really drove that, new residential drove that SG&A down by 32.2%, below 32s, 2008, '09, and '10 it drove all the way up to 35.7%. Our dollars went backwards in 2009, but as a percent of sales because of that drop and again we continue to invest in stores and we think that today, you can see why we did that. In the last few years, we continue to invest in our business, invest in stores, distribution models and so forth and also IT. A couple of the reasons our SG&A have gone up the last few years and never remained in that 34 range is IT projects that are going to do two things for us, ensure that we have productivity in the future that will keep our SG&A in the low 30s, and help our working capital which will help the cash generation of the company.

Again, the purple bar I showed you, the combined company, Valspar and Sherwin-Williams, 29.2 of the 30.1, still an increase of nine-tenths, but still well below over 4% reduction compared to the two companies.

Operating income, all time high, more than double, $754 million in 2005 to over a billion six. So we doubled at the same time our sales increased at just over 50%. Operating margins, 14.5, our all-time high.

The way we run this company is we're always trying to achieve new highs. We don't think that we've hit the top. You know, many times people ask me, "When are you going to hit the peak? When are you going to stop?" And I keep telling them, "We hit peak margins and our stores grew. We have 2,000 stores. We did it again at 3,000 stores. We did it again at 4,000 stores."

And I got to believe, we have 5,000 stores, we're going to be at a higher peak and that's the way we run this company and I think this chart is sort of -- and if you look at 2016, our guidance, it tells your operating income has to grow as a percent of sales this year.

What I think is interesting is the purple line is on there. Hopefully you can see the purple line. The combined company, 11.3 goes to 11.4, 12.1, 12.1, 14.5, 14.3 and I just want to piggyback on something John said about what excites us about this. Our operating income is relatively flat with the combined company, then you put in the synergies and you think about the growth ability and all of a sudden you can see just with synergies, our 14.5% operating margins are going to grow with this acquisition, so much higher sales, much higher operating income as a percent of sales, so pretty exciting.

Reportable segments, Paint Service Group, $7.2 billion, 19.9% ROS. In Latin America, $631 million, 2.9%. Consumer Group, a billion, 578, 19.6% ROS. In Global Finishes, a billion nine, 10.5%. So Paint Service Group, Consumer and Global, all hit high, all-time highs operating margins. And again, if you look at the results on the first quarter, you look at our guidance for the year; all three of those will hit new peaks this year. Latin America, driven down, all the way down to 2.9, [INDISCERNIBLE 00:06:54] in Latin America. But this year is no better. I think that we're going to be under pressure again this year. So really when you look at the systems we're spending on and so forth and I'm sure we'll talk about Latin America later, but we still believe in the long term we can get this business at 12%.

These are the days that you really question yourself and push yourself and ask yourself, "Why do you still believe that?" But I still believe when you take a look at this, the business metrics have to get better. Some of these economies have to get stronger, but eventually we'll get to 12%.

Profit before and after tax, 2015, all time high in absolute dollars and as a percent of sales, 13.7 versus 9.3, so it's nice. PBT as a percent of sales, we finally beat 2007 and that's why we like to show this long term. Even we were doing well in '12, '13, '14. A year ago, I was sitting here going 11.3. We're not at our peak yet and again that's what drives us. We think that again there's more room for these peaks.

Turning to working capital which we defined as accounts receivable plus inventory, minus payables, divided by sales. Long term, we felt that we could get this to 11%. Those of you, if you expand this chart, we used to be in the high teens in the late '90s, early 2000s and we did pretty well. We drove it down to 11. Now we believe that we can be at 10.

A couple of things I just want to show you. If you look at 2005, ‘07, ‘10, they went backwards because of acquisitions. What we have found is the acquisitions we bought do not have the same working capital ratio of performance that we’ve had. But what’s nice is given the operating group of these assets, over time they're able to drive that working capital down as a percent of sales. So that gives us great confidence in the future that not only can we do it in our core business, but with acquisitions, we’ve done it before.

Last year we drove it all the way down to 8.6 and now because of some timing and payables, that’s not going to happen again this year and I think the working capital by the end of the year will be in that 10% range. Looking at the different pieces, I just want -- you can see what's driven this performance, receivable days, 53 in ‘09 and we’re in 54, so relatively flat during this period of time. Inventory, 96 to 83. This has really been the driver of our working capital performance and I think that, again, we have the right people on it, on the operation side, Joe Baxter and his group, every division is really looking at this inventory. So many people drove their working capital down as a percent drive-in payable dates, holding payables. You can see our payable days during this time have remained flat.

If you got back even five to ten years earlier, you would see the same thing. All of our improvement has been in the inventory which is the right way to go.

First quarter accounts receivable 52 days but our working capital went up 5%, $64 million, a little stronger than we thought. Sales were strong so our receivables were a little stronger than we thought. So, but for the full year again we think we’ll be in that 10% range and so turning that upward in cash, a $1.447 billion. And then you look at the net upward in cash less Capex and dividends, $963 million. Again that eight six drove that big jump. It will be a little lower than that this year because of the 10% but still we believe we’re generating a lot of cash and we think we’ll continue to do that.

Point out 2008, ‘09, and ’10, even with the crash and the financial crisis we’re still able to generate significant cash. I want to point out the uses of cash. Many times hopefully you see those subtly there, manage debt was always at the bottom of this list. Today, manage debt is at the top of this list. With the Valspar acquisition, you’re going to see us over the next few years really be very aggressive reducing our debt. We’re still going to invest in Capex. We’re still going to pay dividends and we’ll look at acquisitions but buyback of stock is going to be very deemphasized.

First quarter cash flow, negative $160 million in 2015, 2009 negative almost, 2010, that 50 million difference is really driven by the working capital. And so, in the second and third quarter you’ll start to see some improvements. You’ll see the same thing in the end of the year because of that 8.6 going up closer to 10% of sales.

We show this slide just to show you how and why -- a lot of times we’ll get the question, “Why is your credit rating so important to you?” Here it is. We’ll always be in negative cash flow in the first quarter. We’re building inventory for the season. We will never have enough capacity to manufacture enough paint in June, July, August that we’re going to sell in those months. You have to go into the season with the inventory; that is using of cash. And so -- but you can see

what happens in the second, third, and fourth quarter they're all positive and the total year is positive.

So, a negative 209, the negative 160, we'll try to show it to you. We are a big user of commercial paper. Our short-term ratings are very important to us and we've used commercial paper as a liquidity source for many, many years.

Debt to EBITDA. We've been talking about that we're going to keep this at one-to-one in a consolidated industry until there is a right acquisition. Well, we found the right acquisition. But our long-term target is that one-to-one and our EBITDA in yellow and our total debt in blue. So last year EBITDA finished the year at a $1.809 billion, our debt was a $1.963 billion just over one-to-one.

One other thing you have to remember is we lease the majority of our stores. And so if you look at the net present value of the leases, we always talk about seven-tenths of a turn of EBITDA, so more at one we're going to be at -- we're really at 1.7.

The maturity schedule, next year we're having $700 million approximately mature. We have 1.9 billion of debt that we have. We also have a ladder that we feel pretty good about. We think that we have really nice situations when we go into the Valspar. We're going to have the ability to issue debt in many tranches and we feel pretty good about that. To pay for this is we're going to issue $6.5 billion worth of debt. We're going to have a billion dollars worth of cash. If you think about the purchase price plus some closing cost, we're prepared to have $11.5 billion. And so $6.5 billion we're going to issue in debt, $2 billion we're going to assume of Valspar debt. That takes it at $8.5. We're going to have a term loan of two billion and the reason we're doing that is so that we can pay that down as quickly as possible and we'll have a billion dollars worth of cash. There's our $11.5 billion.

So what's going to happen to our interest expense and coverage? When you really look at the slide, I mean, our interest expense has been relatively flat, I mean 40 to 60, $70 million.

So, when you think about the size of our coverage and you look at the earnings coverage all the way up to 26 times. On that $10.5 billion worth of debt we think that we're going to be in that 4%, so you think about our interest is going to go up probably right around $420 million plus the increase that we had in there because of the bonds we issued last year. What's going to happen to the coverage is going to drop to the mid single digits, but by 2020 we should be in the high single digit. So Valspar is going to change the slide dramatically. Our interest coverage is going to go -- earnings coverage is going to go down but we think by 2020 we should be in a high single digits.

All three rating agencies have opined since the Valspar announcement, S&P and Fitch kept our rating the same. Moody has dropped us. They downgraded us to -- our long-term to A3 and our short-term to P2, which is I just said the commercial paper, we're out there in a commercial paper so going from P1 to P2, there's a little bit of a hurdle but we're again through it, mostly because we're holding cash. As many of you see we didn't have -- buy any stock in the first quarter, for the first quarter since I have been the CFO, we didn't buy any stock.

Again, all three have said that they're going -- we're on the credit watch negative, which means that they're going to probably downgrade us again once the acquisition is completed. We continue having discussions with them and I think that as we get more into the integration, more into the feeling of where we are with the cash generation, we can go up and explain to them, but we'll keep them informed like we always do.

Treasury Stock. We don't hold cash. We've basically been saying all these years we don't hold cash. Holding cash, we're looking at how do we get a return on our assets and holding cash never made sense to us. Treasury stock from 2005 to 2015 we bought 72 million shares at $97.51. We spent over $7 billion. Average shares went from a 141 to 94. Well, we're going to take that cash and we're going to do something else with it. We're going to do the Valspar acquisition. I just thought I would -- this would be a good time to announce, we don't see any stock -- acquiring any stock in 2016 and '17. So that share count -- average share count is going to remain sort of flat but you're not going to see us buy stock in 2016 or 2017.

We're also very committed to dividends. 2016 will be our 38th year of increasing the dividend. So 78 was zero, 79 was a penny, it was more than a penny but we've had splits which caused it to go down to a penny. So the 3.36, we like to pay 30% of prior earnings. So when you think about last year earning at $11.16, 30% rounding the 3.36 and that's been our policy. We still believe it's so important to pay your shareholders cash each and every year in a form of a dividend. But we're going to walk away from the 30% prior years. We thought we'd show this to you, management is going to propose to the board and we have spoken preliminary to the board but we're looking at increasing our dividends in the next two years but not at the leaps of what we think our EPS is going to be but at $0.04 cents.

So again, no buybacks of stock. We're trying to tell you what's going to happen in dividends per share. I think you can get the idea that we're going to make sure that we're going to pay down debt. Uses of cash and this is going to change. First alley to point out the last five years we've generated $5.2 billion, 10.3% of sales. We've been talking about that 10% going to 11. Some of the things we've been doing in IT as well as in the operations. Cash dividends, 9.84, Capex $912 million, just about 1.8% of sales, a little higher than the prior five years where we used to be in that one-and-a-half, and again a lot of IT infrastructure there.

I believe that once we acquire, you're going to see this number in the 2.3% over the next few years of the combined company and then you'll see it start to go down to one and eventually I think it will be back below one. Treasury stock purchases, $4.2 billion. I just showed you that we're really not going to buy any in the next 2016 and '17 and you can imagine the next five years managing debt which hasn't been on this chart in 15 years, paying debt down will be the lion share of the cash.

Summary of Valspar class for financing and legal advisor, again over to the right-hand side a total of $185 million to $205 million. Using a 39% tax rate, that will give you an EPS hit of a $1.20 to a $1.33. We show you the total in net income and EPS hit by quarter. The first quarter was $0.24 cents and again six million of that 36.9 was in interest, 31 million of it was in SG&A. Fifteen cents in the second quarter, $0.16 cents in the third quarter, depending on when this

acquisition closes the difference between those three quarters and the total will be between the fourth quarter and the first quarter, and if it closes in the fourth quarter this year, a 100% of this would be realized this year, if not, a bit chunk of this remainder will hit in the first quarter.

Our long-term debt to EBITDA, I just wanted to show you with what we think is going to be long-term. I just mentioned we should have $12.5 billion debt the day we close. If you use the $1.8 EBITDA and raise it for the year, I'm just going to round it to two billion so it's easy. That would tell you the day we close, we're going to be six-and-a-quarter. By year-end 2017, we think we'll be at four-and-a-quarter. By the end of 2018, we think we'll be three to one. The reason we jump all the way to 2020 is we think by 2020 we're going to be below two to one, a big goal for us.

We show you the long-term debt 9.2. I mentioned that we're going to issue six-and-a-half, we're going to assume two, we have a $1.9 billion but we have $700 million that we're going to mature this year. So that's why that number is at the 9.2. The reason why you look at the 12.5 down to 9.2, this is not total debt, we have short-term debt for the remainder but it just shows you where we think we can take this balance sheet by 2020.

Credit rating, reduce that as a priority. Stock buybacks remain minimal until debt to EBITDA approaches two to one. Dividend increases but not at the 30% year per year and investment grid is super important to us because of that first quarter. But for small selective bolt-ons that are very strategic for us, get our cash back. I think that if you look at the results John mentioned, the North America Comex, you could see why if we had another one of those we would jump on it. So it's not that we're totally out of -- but we are very focused on creating shareholder value and reducing our debt. So with that --

END

SEAN HENNESSY: I would like to introduce Jay Davisson, the President of The Americas Group. Thank you.

JAY DAVISSON: Good morning! Thank you, Sean. I'm excited to share with you the progress that we're making within The Americas Group. To give you a picture here of what The Americas Group looks like, again, it's combining the two groups, Paint Stores Group along with the Latin American Coatings Group. In my presentation today, I'll break out both of those groups and go into a little bit more detail on some of the initiatives.

Starting with Paint Stores Group, you can see here geographically, we've broken this area into five operating divisions, all with similar management structures driving the business in North America. When you look at the financial highlights, Paint Stores Group delivered pretty strong results in 2015. Revenues grew over five percent. We had about a $200 million profit improvement, and our return on sales improved 240 basis points as a percent of sales.

The results in the first quarter started out very strong. Revenue was up 10.5%. Segment profit here increased $77 million which was a 43% improvement delivering a 360 basis point improvement in ROS. Since we are kind of in the political environment, we're hosting the RNC, I can stand here and say the state of our union is strong. I can also tell you that our brand as John mentioned is very strong. Market Vision Research continues to show that Sherwin-Williams is the number one brand from brand awareness perspective. We were recently recognized as America's most trusted paint brand in a poll of over 20,000 consumers. And it's our ongoing quest for excellence that enables Sherwin-Williams to continually enhance our brand equity and increase our revenues.

As mentioned earlier by John, our quest for excellence combined with our close connection to our customers has made Sherwin-Williams the most preferred brand by the professional painting contractor. And again, this year we've been recognized by J.D. Power as having the highest customer satisfaction among exterior paints, and for the fourth year in a row, the highest customer satisfaction among paint retailers. I think these accolades are kind of a result of our continuous customer-centric approach and through our controlled distribution platform that has allowed us to get this kind of recognition because we dial in and focus on market segments, and that's a key driver for our business.

We understand that different types of customers perform and work in different types of market segments and that they have different needs. So we conduct a lot of research. We use focus groups by segment. Our customers provide feedback and input to our store managers and reps who then relay that information back to us. And that enables us to determine what programs, what products, what processes need improvements so that we can help them become more productive and more profitable. We do know their business and they know that we care about their business.

So our model continues to grow and enables us to take care of the customer where they want to be taken care at. And we continue to aggressively invest here, sales and territories. We opened 83 net new stores and added 170 sales reps to the street in 2015 to better serve our customers. And our plan for 2016 is to increase that to 90 or to 100 net new store openings in a similar pace

with rep investment as we try to improve our rep-to-store ratio and get better contact one-on-one with our painting contractor. So this is kind of the next step focused to 5,000 stores on our way to 6,000 stores. We don't have a cap on what we think we can deliver from a store perspective.

I do believe that this model is definitely a differentiator in the marketplace and our people are really what makes the difference when it comes to all of the accolades we're receiving from the research and in our paint, being the number-one brand in the U.S.

Our customer-centric approach, again, allows us to deliver what we think is superior customer service, giving our customers the experience that they want to have. It gives them exceptional products. We provide color expertise and the trademark service that our people offer our customers is second to none.

Again, going back to utilizing this customer feedback, I think we've become stronger partners in their business, and it really drives our innovation not just with products but with processes and systems as well. New products continue to be a stronghold for us. They represent about 28% of our total volume year in and year out. And these are innovative new products that are unique that really differentiate us from our competitors.

Innovation is not new to The Sherwin-Williams Company. Painting seasons used to be limited from a time standpoint because of cool weather. In the mid '80s we addressed consumer needs, again, utilizing their input, and developed the first ever low-temp product that could be applied down to 35 degrees Fahrenheit. What that did is it enabled our contractors to extend their season to be more productive and more profitable; again, focusing on the input that they provide us. Two to three years after that, we put that technology into all of our exterior paints. Now, competitors have followed suit.

In the '90s, we were the first company that came out with the most washable interior wall paint. Everclean, if you can remember. But we didn't settle or rest on our laurels here. Our customers want improvement at all times. They wanted the most washable paint they could get. So we took washability even further and introduce our Emerald product. Its best-in-class performance, improved application characteristics, and enhancing our customer's productivity, once again, we continue to raise the bar with premium products coming out this year with an Emerald washable flat. So, these are the things, again, meeting with our customers always, getting their input and feedback and finding out what they need to improve their business.

Again, listening to our customers, people had concerns about odors and chemicals in the air. So we created Harmony. It had odor-eliminating technology that helps reduce the common household odors from pets, cooking, and smoke, and it keeps the room smelling fresher longer. It also contains a technology that helps improve indoor air quality overall. It reduces VOCs from carpets, cabinets and fabrics that are in the house today and sucks them into the finish on the wall. It's still washable, it's still very durable, it's GREENGUARD Air Quality certified, and GREENGUARD certified for children and schools. And we're the only paint company that has a product that has odor-eliminating technology along with formaldehyde-reducing technology in the same bucket.

Continuing to add breakthrough technologies to our product portfolio and helping our customers is always going to be a priority. According to the U.S. Health Department and Human Resources, healthcare-associated infections are one of the leading causes of preventable deaths in the United States. The U.S. Center for Disease Control and Prevention notes that approximately 1 in 25 patients contract some type of an infection during their stay in the hospital. Our breakthrough in new Paint Shield microbicidal paint is the first EPA-registered paint that kills greater than 99.9% percent of bacteria, certain bacteria, for four years. So two hours after this product is applied to the walls, you've got a four-year span here where it will kill bacteria like staph and E. coli within two hours after being painted on the surface. And there's a big difference between companies that promote an antimicrobial paint versus a microbicidal paint.

This afternoon, Steve Revnew, our Senior Vice President of Innovations, is going to walk you through this product and others so that you can put it on for yourselves. But I do want to steal a little bit of his thunder and show you this video.

[VIDEO PLAYING]

It's a pretty amazing technology. We launched this product at the Cleveland Clinic's Medical Innovation Summit in October and we've generated a ton of interest from that exposure. We've secured over half a billion impressions on A-list media like The Wall Street Journal, USA Today, Fox Business News. And Dr. Oz named Paint Shield as one of his 10 Oscar's winners for in-home products. This product has just hit our stores in April. And in addition to our trade, marketing, and advertising which is launching as we speak, we're also going to be introducing a new consumer campaign that will take off in June. Take a look at this.

[VIDEO PLAYING]

So, again, we're very excited about our new technologies that we're launching into the marketplace. But as we continue introducing new products, we've also been heavily focused on product rationalization and SKU consolidation. So between 2009 and 2015 we've reduced our active SKU counts by about 54%. This is assisting us in improving of course our working capital, but also our margins.

Innovation continues with innovative color selection. And it's not just product, as I mentioned before. In the fourth quarter of 2015, Paint Stores Group launched our groundbreaking new ColorSnap studio displays. These unique displays that are in our stores significantly improve the color selection process for our customers and continues again to distance us, Sherwin-Williams, from the competition. We also made at the same time enhancements to our industry-leading ColorSnap designer and digital tools. And we've folded our accurate and consistent delivery of color under our ColorSnap umbrella calling it "ColorSnap Precision."

So now, the entire ColorSnap offering cements our leadership as the unquestioned source for color expertise within the market. And color drives this business. This system enables our customers to select colors while they're in our stores up to 60% faster than before. And it's not just the DIY customer. It's the designer, it's the res-repaint contractor coming in. And again, time is valuable, time is money. And if they can spend less time selecting that color, they benefit.

You'll also be able to demo some of these digital tools this afternoon as you go through the technology center. Here's a look at some of the unique features of our ColorSnap Precision.

[VIDEO PLAYING]

Here again, ColorSnap is just making it easier for customers both DIY and wholesale to do business with us. And we have to stay connected with those customers. So another colorful program that we've recently introduce is #SWColorLove. We want to help customers visualize and select paint colors through content that's submitted online by other users. So these color detailed pages on sherwin-williams.com now feature customer-submitted photos of finished paint projects and inspirational imagery related to each color. So remaining customer-centric even with our DIY customers, customer-generated content is being put out on our website which helps us stay connected to those customers.

Staying focused on innovation from a digital perspective, our customer's business is important to us so we recently launched an innovative feature on our popular ColorSnap mobile application. Homeowners and designers rely heavily on Pinterest for inspiration. So from our app, you can go to your Pinterest page, create a custom Sherwin-Williams pallet based on those colors that are in that pen, and then you can share those colors on social media.

We're the first to market with this type of Pinterest integration. And API stands for Application Programming Interface, so our app talks directly to the Pinterest app as you proceed through the process. This app is going to allow our customers to share and engage in color with other Sherwin-Williams customers and non-Sherwin-Williams customers and help us build upon that strong brand awareness.

From an advertising perspective, we continue to focus on our color leadership, on our exceptional product quality. We continue to run this year our very popular Color Chips campaign commercials and we're supporting our best-in-class Emerald paint along with, as you saw, our Paint Shield launch. We've got a comprehensive TV print, digital, and advertising program lined up. And here is one of our Chips commercials that I'll show you now that's highly rated.

[VIDEO PLAYING:]

Again, as I mentioned, very highly rated; consumer feedback on these has been exceptional and we do believe this is somewhat driving our awareness numbers.

We have a couple of partnerships, one with Pottery Barn and one with Wayfair. And these partnerships again enable us to connect with homeowners who are currently in the redecorating process. These partnerships provide us access to highly-targeted individuals who have a high propensity of purchasing paint in the very near future. And both of these partnerships are outperforming our expectations.

Paint Stores Group will soon open its largest store ever through a new sales channel with our e-commerce platform. We know this is going to expand opportunities not only with existing customers, but new and potential customers. And we're already conducting business with some

of our national accounts on this e-commerce platform today. Later this year, we're going to be launching our e-commerce platform for pros as well as our DIY customers where they can buy online and pick up in-store.

Again, I think this enables our customers to do business with us the way they want to do business with us, when they want to do business with us 24/7. And staying focused on the customer and doing what we can to make it easier for them to buy from us is kind of our mission. We know this is going to drive not only incremental sales but improve and increase our loyalty among customers.

So let's turn to Latin America. Again, this is its own division within The Americas Group. The Latin American division has five operating units that are run by five country presidents in the region reporting to a division president that resides in Mexico. The team is battling down there. They're battling through the tough economic and political environments. But we believe we're positioning ourselves for profitable growth in the future. 2015 sales were basically flat when you back out the currency impact. Profits declined $22 million, again, primarily affected by currency. And we did a fantastic job managing SG&A and pricing through 2015. Unfortunately, first quarter results continue on the same trend. But we are seeing some stabilization politically and from a currency perspective in some of our countries. So we have a strong belief in our strategy that's country-by-country. That's going to position ourselves for profitable growth when these economies turn back, and we believe they will.

Much like Paint Stores Group, we're committed to increasing our footprint in Latin America. In 2015, we opened 101 additional points of controlled distribution including 15 company-owned stores and 86 dedicated dealers. A dedicated dealer looks exactly like a Sherwin-Williams store where they sell at least 85% to 90% of Sherwin-Williams products through those stores but it is a third-party investor.

We added 51 new sales territories into the Latin American market last year, again, starting to improve our customer engagement. We also converted 80-plus external third-party reps to internal company employees that's going to help us enhance control over their activities. We plan to aggressively increase our store and rep count. Moving forward in our 2016 plans, we're going to increase our controlled distribution platform by about 200 doors, 50 of those will be controlled distribution or company-owned stores and 150 dedicated dealers.

Market segmentation is starting to become a core competency within the region. We use the same North American strategies and key segments with targeted sales strategies and marketing programs. We're applying similar segmentation analytics tools to help them see a better picture of where they're at in the sales process. And our selling programs are improving execution because they see some measurement.

Our focus on controlled distribution and channel optimization is really important to us. We've kind of got a little bit of a change in strategy but feel it will pay dividends in the future and assist us in avoiding channel conflict with our customers as we move forward. So we're working to ensure we've got differentiated products in the different channels. So our controlled distribution,

we think we can elevate not only the quality but the price, and we think we can do the same thing through non-controlled distribution such as home centers and non-dedicated dealers.

For example, in Mexico we sell Kem-Tone and Super Kem-Tone only through our controlled distribution outlets, our company-owned stores or our dedicated dealers. We then take a different product line with [PH] Vini Plus and Fresh Finish and sell those products only through the home center channel. And then we have another product line selling through other channels like distributors or non-dedicated dealers. We're doing similar things in all the countries as we speak.

I talked to you last year about introducing some region-wide products. While we've introduced Pro Constructor which is ProMar 200 in the U.S., very similar quality, attributes, into the entire Latin America region so all countries have this product, they have the same thing when it comes to a light industrial line with our Ultra Proteccion, and this is giving us now a vision across the country for our global/national accounts that have home offices here in the United States. And we're starting to get a lot of wins here. National account sales we believe is a key strategy for us in Latin America. This product development that we've taken on has really positioned us to take some business from the competition and enhance our relationships with our global accounts here in the U.S. And we've got several wins that have already taken place since we've put this position in with a director of national accounts to cover Latin America.

Prologis, Marriotts, and Hiltons have just converted to us. Watchtower which is Jehovah's Witness, 7,000 locations in Brazil alone, we are now their primarily paint supplier. The Mormon Church has 5,000 chapels. We've just reached an agreement with them. So we've got a lot of momentum building. Another example would be within-country regional accounts, OXXO in Mexico has 7,000 gas stations/convenience store locations and we just signed an exclusive deal with them. So we see some momentum starting to build from a national account perspective.

Similar to the U.S. with all the new product development activity that's taken place, we know it's important to focus on our portfolio; the same results that you saw in Paint Stores Group over the last three or four years, we're beginning to see in Latin America. We've reduced our product portfolio by about 30%, again enabling us to positively impact working capital and improve our margin performance down there.

Branding is a big piece. We've never really had a branding strategy in Latin America and we're going to elevate the Sherwin-Williams brand throughout Latin America. We wanted to have a consistent brand message north to south, and we also knew that we had to be creative and achieve some cost synergies when developing our brand cost base so that we can start growing that expense base in Latin America.

We basically did a lot of quantitative testing to make sure that we hit the mark and that we were relevant to the Latino customer. We know we needed to get those cost synergies so we'll build the Sherwin-Williams brand utilizing our paint chips campaign because all the focus groups have pointed back that this is going to work well. It's been customized to support multiple channels with distribution within Latin America. And I like you to take a look at their first Sherwin-Williams branded commercial.

[VIDEO PLAYING]

Again, sales excellence has been a real key driver for us in North America. I think taking the best practices of those elements down to Latin America is going to prove a strong strategy for us. It's a very important part of our growth strategy there. Once again, I think getting more input and feedback from our customer base down there is going to help drive and alter that strategy as we move forward. But we know we've got differences in the markets. We know we've got differences between countries, even within countries. So it's really important for us that we're putting pretty solid training programs together on our reps just to understand the basics of the sales process. We're implementing a customer relations management system throughout Latin America. And just by providing them better analytic tools, it adds accountability that lets them see how well they're doing, and we believe this is going to lead to accelerated growth moving forward.

Building the bench is a key element in our strategy as well. We will recruit and hire about 115 SMTs. We call them "Sales Management Trainees" in Latin America. And that's kind of a line to the business needs based on our controlled distribution growth, our anticipated turnover rates. Again, here, I think we want to get to the point where we're funding and putting executives in that have come in through the system ground-up as opposed to going out and always hiring executive-level talent from the outside.

We're going to increase the number of training classes by about 70%. We've got to get our basics covered. We've got to get our people up to speed. So we're going to have about 51 core classes throughout Latin America compared to the 30 we had last year. And we've brought a couple of high-potential country presidents up to the United States to mirror our U.S. division president for about two weeks at a time just to get faster learnings of understanding this controlled distribution model and how things work. And then we've also assigned -- and we're excited about this. We've got three North American expats that have been placed in executive positions down there, two in Brazil and one in our national accounts organization. They're down there on assignment, big parts of the team, but we're starting to see how it accelerates that learning curve on our model within the countries and we plan to continue to expand upon that.

Since having the opportunity to impact Latin America starting in late 2014, we believe in our strategy. We know it's country-by-country, market-by-market, even some micro centers have different strategies. But the division country leaders have embraced it. We're starting to see strong execution at the field level throughout the organization. And we know that we're positioning ourselves for success in the near future over all of Latin America. For that, I say thank you for your time and attention. And I get to be the hero and announce a 15-minute break.

END

CHERI PHYFER: Good morning. It's an honor to update you on Diversified Brands. When we look at our go-to-market strategy, we look at having four performance drivers. The fourth one, not listed here but critically important, is our people. And suffice it to say that I believe we have the best people in the industry and the best in class group in diversified brands. Equally important to us is finding the right product, the right partner, and the right promotion or advertising mix.

When you look at Consumer Group for the full year, sales increased 11.1% for 2015 and we got off to a nice first-quarter with a 7.5% increase. Talking about some of our partners, The Home Depot, several key product lines that do extremely well there, Thompson's, Purdy, and Minwax. With Thompson's, we'd always had a waterproofer that wasn't a clear. And in 2014 with Home Depot, we launched a stain- and waterproofer in one. It's an F-Style grab-n-go can and it's done extremely well. We've been fortunate late last year to add to that with a timber oil product. And we continue to drive the market through Home Depot, we believe, with this category and this product.

Also at Home Depot, we have the Purdy. We expanded our Purdy offering introducing a new line called the Pro Finish Line as well as putting in regional SKUs. Our merchant there continues to partner with us to go after to the pro customer that they have coming in to their stores with increase promotional activities at the paint desk as well as map promotions.

Menards, another very important partner to us, carries our broadest assortment of our brands. And we continue to grow with Menards and invest in this relationship. And I'll walk you to quite a few slides showing you that.

In 2015, we added a new sample program there. We added a chalky paint there. And we also added a comprehensive agency concrete program there. In 2016, we've already launched in an applicator expansion as well an expansion to Minwax with some innovative new products in Minwax complete [PH] Poly One as well as a new Dutch Boy exterior product, Dura Clean.

Last year in all 285 Menard stores, we reset with a new color system, all-new color collateral and color pallets. In this color collateral were QR codes. And it's one of the first times that they've been leveraged on the back of cards to show room scenes. And this technology is really allowing people to go in, choose colors, look at it in different rooms. And what it has done is it has doubled the time that people are spending on our site and on our visualizer in uploading photos and looking at samples or in saved projects. So when you look at the saved projects, we were about 14 minutes prior to that and we're up to 29 minutes with this new QR technology on the back of those chips.

Last year in Menards as well, we introduced new labels throughout the majority of the program. And we're wrapping at up in 2016. We were taking a lot of their specialty coatings under the Dura Clean label. So this is the wrap-up of a whole new label expansion for them. And then most importantly, we've continued to get behind the advertising and drawing customers into the Menards store. And I'd like to share the newest Dutch Boy commercial with you.

[VIDEO PLAYING]

Obviously, we're extremely excited about our strong partnership, the strong brands, and the strong promotions that we have going on with Lowe's. Great wins happening for us across numerous brands. This spring, we launched our Infinity paint product there. It's a complete paint and primer in one; one-coat hiding, superior stain resistance, and best scrubability in its class.

What we're really pleased with at Lowe's is that they have refreshed their department. And we were excited to be their partner in doing this. Each of their counters has been painted with the Infinity to get the product out in employee's hands. If you haven't visited a Lowe's store, I recommend you get into one soon. They've cleaned up everything around their counters, much more professional, really showcasing products well. They've come up with a new counter mat that ranks their products in a "good, better, best" and Sherwin-Williams placed at the premium position in all of those.

What we're extremely excited about is our in-store presence in a Lowe's store right now. I would say that it's dramatic, but it's also extremely impressive. There are three indexes that go along with the paint department. And right now, we occupy all three of those indexes as well other signage located throughout lumber, moving supplies, the pro, kitchen and bath. So our presence and our product in the Lowe's stores is better than it has ever been.

What's exciting about the Lowe's partnership is that it has opened up other opportunities to continue to grow some great brands. We had always been a partner to them and Minwax, but we've worked with them and put in this new set in the third quarter of last year. We were able to displace a few competitors in doing this, and we really made the department easy to shop. A category that can be somewhat cumbersome or a little bit intimidating for the DIY customer, now easy to navigate, easy to shop and we get what we want. And it's performing extremely well in the Lowe's store.

Next, probably a brand you haven't heard about for a while. And I actually just had a few questions about it before I got the opportunity to come up and speak to you. Pratt & Lambert. We really felt that this was the brand we needed to get behind to drive our business in the co-op and the independents. Pratt & Lambert has great brand awareness and really a heritage of quality. And as you talk to people that have used Pratt & Lambert, you never hear anything disappointing in it. Where we were struggling was having our distribution and really getting behind the products. We have over a thousand points of distribution. Most of them are small, especially independent shops. We also have a large marketing advertising campaign that we believe will really bring Pratt & Lambert back to life in this channel, any channel partner here. Let me show you a video that will bring it to life a little bit more for you.

[VIDEO PLAYING]

And here's a picture of the display. Our launch partner has been Do it Best. This has been rolling out into the market since March and doing extremely well where it's placed and continuing to be placed. The other thing we're doing behind Pratt & Lambert is a lot of the co-ops and independents, they received large co-op funds and they have no way -- they don't know how to

invest those if you have eight stores, if you have one store, if you have two stores, we have some that are larger members.

Those smaller members are really looking for how to drive business into their locations. They get co-op money not just in the paint category but in all categories in the stores. So we've stepped up to find a way to be a concierge to them, in a sense, to advertise locally for them and draw business into their stores which will help the paint department continue to grow. I'll show you a little bit of a video on local color.

[VIDEO PLAYING]

We believe this campaign will continue to help us increase the share in the independent and co-op channel and be a true partner in helping them grow and do well. One of our other channels of distribution, our automotive channel, continues to do extremely well, really driven by a new product innovation and great partners that we have in that channel.

Our craft channel, very strong partners and products in the craft channel. And really, in this channel, I would say that we have led the innovation for several years now. And then in the industrial or MRO, industrial channel, a great win last year. Pratt & Lambert was able to displace a competitor, and it's the exclusive architectural paint supplier for all of Grainger. We've partnered with Joel and his team in running six tint facilities in our DSCs that service Grainger customers within 48 hours. So another nice opportunity for the Pratt & Lambert brand.

On top of that, with Grainger, we were able to add over 600 Krylon industrial paints and products into their catalogue that was launched in February. So we're extremely excited to grow in this channel and with this customer.

Our Europe business continues to do well. We have very strong partners, very diverse customers over there, but really driven by our performance in the garden market and bringing new innovation to all customer types.

So in concluding, I think you can see that we have several numerous great partners, great products and promotions. When you look at it later on, Vicky Varley, our Vice President of R&D, will be able to show some of the innovation that we have around new products. Clearly having a very strong team that has driven results for diversified brands, great partners, and increasing promotions with those customers. I think with these four drivers, you really see what helped us achieve our goals for 2015, but more importantly our excitement for 2016 and beyond.

END

CHERI PHYFER: It's my pleasure to introduce Joel Baxter, our President of Global Supply Chain and our partner in service in our customers.

JOEL BAXTER: Thank you, Cheri. Good morning! It's my pleasure to be here to present an update on the Global Supply Chain Organization. We operate 75 facilities through four geographic regions as shown here. We have 9500 team members who operate as one focus organization having been formed back in 2012 charged with sharing best practices across our end-to-end supply chain worldwide. And when I speak of supply chain at Sherwin-Williams, it starts with research and development and carries through the delivery to our customers. We use customer insights to feed our innovation pipeline and we use their feedback to help improve the overall service performance while at the same time driving continuous improvement across each of these supply chain components you see on this chart.

We utilized an execution roadmap built on these enablers, our people, systems, tools and processes to drive execution that helps us accomplish these three things. Drive customer satisfaction up through better service and quality while reducing our costs and positioning the supply chain to support accelerated growth for the company. Our global business management system has three foundational areas. They include operational excellence, global procurement and innovation excellence.

Beginning with operational excellence and safety which is a core value at the Sherwin-Williams Company, this chart shows our recordable case rate for the last two years versus the Paint and Coatings Industry as a whole. We utilized the United States Occupational Safety and Health Administration standards across the world to track our safety results. As you see with Sherwin-Williams in blue, we maintain a significantly lower accident rate in the Paint and Coatings Industry as a whole. And this is important because it's not only good for our people and their morale, but it helps us reduce our cost within our manufacturing and distribution operations.

First pass quality has long been a focus for us within the Supply Chain Organization. We're getting there right the first time through our manufacturing footprint through precision and consistency that delivers repeatable quality that our customers demand while reducing cost and capital. We have a long history of improving this metric.

As shown here, just going back to four years since we formed Global Supply Chain and I've broken it down into two categories, our North America operations which we actually started on this journey back in 2002 and our rest of the world operations shown here on blue which we've been tracking since 2012. Our first pass quality results outside of North America are quickly closing in on the high standards that we've been able to achieve in North America. And not only that these improve precision and consistency but is equally as important, it reduces cycle time to the plants. And when you reduce cycle time, you create more free capacity that allows you to make more incremental volume without driving up your fixed costs.

Our first pass quality results support our service and working capital as well. This chart showing the last three years for both Sherwin-Williams and our rest of the world locations, and as you see here, when I speak of rest of the world, I'm talking about the other three regions, Latin America, Europe, Middle East and Africa and Asia Pacific. We made it a focus for ourselves to really go

after our on-time product availability once forming the Supply Chain Organization in the other three regions. And today just like first pass quality we're closing in on the same level of performance that we've been able to achieve in North America. And we've accomplished this, our remaining focus on working capital as a percent to sales.

Here's a four-year chart just comparing North America to the rest of the world. We've made steady progress in reducing our needs outside of North America through the leveraging of those systems tools and processes that I've referred earlier while maintaining very strong performance in North America.

And I would mention -- I told you last year we had a little bit of an increase when we did the one time load in for the Lowes rollout. But as you see in 2015, we've been able to reduce that right back down. And I would note further that the North American operations continue to operate in an average negative working capital.

Our net fixed asset trends within the supply chain have been positive as well. Again, comparing North American to rest of the world, we've driven this down every single year with the exception of 2013. And if you recall that's the year that we acquired Comex U.S and Canada. Our rest of the world results have steadily been reduced as we continue to leverage across the world.

Our focus remains in the Supply Chain Organization on flowing through incremental volume without driving up net fixed assets. And if you take a longer look at this, there are some impressive results. So this is for North America only and it goes back to 2008, the yellow bars represent our net fixed assets for each of the years and the blue line is our volume produced in those same years. And as was referenced earlier when Bob talked, we were coming through a recession, we did rationalizations like everyone else and once again Comex joined the company in 2013. But what I would point out to you most importantly here is that in 2015 we made significantly more volume that we did in 2008. And that changed in that fixed asset represents the double digit percentage reduction in net fixed asset. And we're doing that through the Global Supply Chain Organization in the leveraging I spoke of earlier.

Our continuous improvement efforts driving annualized across savings is a big contributor to driving down our net fixed assets and our overall performance in our ability to flow through incremental volume in our existing footprint. 2015 was the 14th consecutive year inside of North America that we increased our annualized cost savings. And our rest of the world locations, it was their seventh consecutive year. And today, our annualized cost savings represents tens of millions of dollars, there's plenty of opportunity to still leverage that keeps our team excited going forward. And we are equally as excited about the work that's occurring with our Global Procurement Organization. This dedicated team that's been together for eight years now is helping us achieve greater buying leverage across the globe through visibility of being one team while managing the simplification of our portfolio impelling a significant role in our working capital results.

Now I know for some of you this is your favorite slide coming up here in two slides. But I thought I would give you a little bit of a flavor for what we see relative to year-over-year trends.

So if you look back, the favorable side feed stocks costs have been favorable. Although as we all know oil is starting to turn recently. On the “to be determined” category, [INDISCERNIBLE 00:08:26] two pricing appears have reached the bottom in the market. And any future capacity rationalizations relative to the industry are unknown. And foreign currency exchange continues to be a headwind. So based on these factors I’d like to share our 2016 estimate of raw material cost for typical coatings, industry product and this is for North America only because again of the fluctuation in foreign currency exchange.

So by our estimate, resins and LaTeX will represent 41% of the purchases and we see the industry down 3% to 5%. Pigments will come in at estimated 25% and we see the industry down 2% to 4%. The other three categories, containers, additives, and solvents are negative as well. And if you put this together in a weighted average, we see the industry for 2016 estimated to be down 3% to 5%.

Our Global Procurement team plays a significant role in other things other than just helping us with our pricing. In partnership with the R&D organization, they helped with three strategic areas of focus in the two major purchasing categories, identifying alternate supply, internal development projects and efficiency projects. And I want to point out these are long-term strategic projects for us. We worked on this with dedicated resources regardless of what’s happening with raw material price in the marketplace.

For example, with titanium dioxide, the Sulfate Grade Manufacturers continue to make improvement in their quality which is opening up more formulation space on the efficiency side, efficiency projects that have helped us gain more efficiency for every pound of TL2 that we consume and we have a proven track record of formulating with high-hiding LaTeX technologies today.

And we accomplished all of these while never ever compromising the quality of our product and the same is true for the other major purchasing category, resins and LaTeX. Since 2009, we’ve had a strategic focus on achieving a balanced optimization of internal versus external resins and LaTeX. In the way that we’ve accomplished this is through our own internal development in our Polymer Science Lab, the manufacturing control of our proprietary formulation and our partnerships with the external market who continue to bring us new technology that helps us improve the performance of our product while reducing our cost.

So as you can see our procurement team and our R&D team along with marketing have a very strong link relative to innovation. And this is just as exciting for me to share with you the opening of our brand new innovation resource center, the first of its kind at Sherwin-Williams. Last year, pictured here on the upper lefthand side, we opened a Collaboratory for free flow of idea sharing and just this past 60 days we opened this new innovation resource center pictured here on the upper right. This is our dedicated team of scientists who came from across all of our R&D organizations throughout all of the Americas. And they along with the Collaboratory that we've put together are charged with helping us identify at a faster pace and implement at a faster pace those new technologies across all segments of our business.

So dedicated resources that are going to help us drive even faster with the accelerated launch of new products just like this. And Cheri and Jay referred to a number of these already, but I will tell you, 2015 was our fifth year of achieving double digit new product launches on the architectural side and we had over 40 which is an all-time record high for us and as Jay alluded to included new national launches in Latin America.

All of these new product launches go through one process at Sherwin-Williams and we use this across all of our technical organization and that's our innovation pipeline. Like everything else we do at SW it's a disciplined process built on a Stage-Gate foundation and as Bob pointed out at the beginning, focused on those customer-specific needs. All of our efforts in these pipelines go right back into those five areas. You see them running through the Stage-Gate process, identified as large and small circles, but this is only a visual representation, as the actual pipeline itself would not fit on this page. Every single product that we developed in 2015 went through the innovation pipeline. And as we moved forward, we're excited about -- with our new innovation resource center and all the other tools and some of the things you're going to see this afternoon been able to continue to reduce our time to market, with new architectural product specifically to our lab into the Americas and continue to drive that speed to market down.

So in summary, our Global Supply Chain Organization today operates as one focus organization who is leveraging our systems, tools and processes the best of what we do across the world that's leading to accelerated, continuous improvement as I showed you driving down costs, driving up repeatability in our factories and as I showed you, delivering best in class service while positioning ourselves to support the accelerated growth of the company.

So thank you very much for your time. And I'd like to introduce David Sewell –

END

JOEL BAXTER: President and general manager of the Global Finishes Group.

DAVID SEWELL: Good morning! It's really a privilege for me to represent the men and women of the Global Finishes Group and talk a little bit about our strategy and focus.

You'll hear from three of our group leaders this morning: Tom Hablitzel, president of our Automotive Division, Dennis Karnstein, president of our Product Finishes Division, and Brad Rossetto, president of our Protective and Marine Division. In addition to Ron Shuck who is our Senior Vice President of R&D, who will be with you a little later today as part of the tour showing off our innovation at the Breen Technology Center. These are really terrific leaders for our business with superb expertise in the industries. So we're excited to have them up here to speak with you.

A little bit about our group. The Global Finishes Group is comprised of these three distinct operating divisions which we also referred to as our industrial businesses. As a group, we work hard to leverage our assets and resources, drive synergies and to deliver accelerated growth and maximize our segment profit.

We are currently comprised of over 6,000 employees. We operate over 300 industrial branch facilities and we sell into over 100 countries around the world, many of them represented by the flags here in this room today.

While I know most of you are very familiar with our architectural business, you may not be as familiar with our Global Finishes Group. So, we put a short video together that I think does a nice job of showing the diversity of our Global Finishes Group customers and segments. So, here's a look.

So from an industrial coating segment standpoint, we view the industry market size globally at over $68 billion. And aside from packaging, coil and automotive OEM, we participate across the remaining industrial segments which provide tremendous opportunity in very attractive growth markets.

Our customer segmentation strategy really allows us to focus on each segment to drive that customer intimacy. And as John and Sean alluded to earlier this morning, Valspar really has a nice leadership position in both the packaging and coil segments, so it's really a nice fit into our portfolio and the segments that we are focused on.

And then if you look at it split by geography, North and South America is actually a smaller market size than Europe and Asia-Pacific. The opportunity for us to grow across the rest of the world is really significant. So with the infrastructure we now have in place, the continued development of our local talent and the technology and the innovation we continue to focus on and deliver in addition to the complementary nature that Valspar brings us globally, we could not be more excited about our future.

And if you look at some of the market dynamics as we see them today, it is a little bit of an uneven global economy. In Latin America, Brazil continues to be a challenge with currency and

the petrochemical market. But in Mexico, we're seeing a strong growth across our industrial businesses.

China is seeing a bit of a slow down in their GDP, but with government investments, we are very optimistic about the second half of 2016.

We are also encouraged with stabilization and growth across most of Europe.

And overall, we feel the growth opportunities are significant across the group in its entirety.

We are also seeing more environmental and regulatory pressure from governments around the world, but we view this as a tremendous opportunity because our customers are looking to us for solutions and the core part of our strategy is solving our customers' biggest problems in the marketplace.

As we view the trends, as we see them for our customers, part of our strategy is trying to respond in a proactive manner. With the desire to continuously lower their manufacturing cost, delivering innovative products that improve coverage, reduce overall cycle times, help our customers' profitability. With the changing environmental demands that we're seeing, providing waterborne solutions that allow our customers to remain cost competitive enables us to be a valuable partner with them.

And finally, globalization; technologies that can be available around the world that can be serviced locally drives new growth opportunities and efficiencies for our customers.

As you look at some of the financial results, 2015 was a challenging year with the uneven global economy with significant headwinds with the strong dollar where the group endured about $200 million in negative currency, the first quarter saw a sales decrease 3.3% but currency neutral, sales were up 1.4% and volume encouragingly was also up in the first quarter.

We really have terrific momentum on our profitability increasing 24.9% with our return on sales improving 240 basis points.

We initiated the group back in 2009 to enhance focus and execute to our global industrial strategy. And you can see in our seven-year history, our sales has just about doubled. I should add that a significant part of our sales reported through the Americas Group which really allows us to leverage and maximize our products and services through the wonderful 4,000-store platform in Jay's organization which is truly a win-win scenario for us and our customers.

I think this slide really illustrates the momentum of the group as we drive with a sharp eye on continuing to improve our profitability.

Back in 2009, our return on sales was only 1.3%. Last year resulted in another record profit year with ROS achieving a double digit return. This is really an important balance for us while we continue to expand and grow geographically, it's vitally important that our growth and margins positively impact our business.

One of the ways we're doing that is through segmentation. An important part of our strategy is to continue to bring value in core segments. As such, we've created two separate selling segments in 2016 in our Product Finishes Division. One team will be completely focused on wood finishes and we'll have another sales team focused on our general industrial segments. Along with this, we've moved our automotive manufacturing segment into this newly created general industrial segment.

This new structure does three things: it allows us to be completely focused on our customers, becoming that complete solutions provider, it allows us to accelerate our growth opportunities within these segments and be faster to market with unique value propositions, and third, more efficiencies, profitability and a better competitive advantage.

The globalization of our business really continues to be a major factor in our growth. Our customers need their suppliers to support them around the world with speed and service. So I thought I'd give an example to illustrate this.

In our protective & marine business, British Petroleum was expanding its refinery in Indiana to process crude oil from the Canadian tar sands.

BP is headquartered in London, they contracted with an engineering firm in Houston, the steel and the modules were fabricated throughout Asia and Europe, and the whole thing had to come together back in Indiana.

Our teams had to be in front of each stakeholder in real-time around the world and this was just a terrific global win for the team and is just one example of many across the group proving that this is truly a globally interconnected business.

With our ability to service customers across multiple segments, we have recently partnered with Virgin Galactic. Our aerospace team has been working with Virgin in the Mojave Desert to coat the spacecraft as well as the launch plane with our exterior and interior products and Tom Hablitzel is going to talk a little bit more about this and the products.

But along with this, the team brought in our protective & marine business as well as our architectural business to paint their entire new Virgin Spaceport. This is something we're really focused on as a group; identifying areas where we can leverage the entire company. It's a great success and certainly many more cross-selling opportunities to come with both our geographic mix and our diverse product and segment mix as well.

Innovation and speed are so crucial to anyone's strategy but especially ours. So another recent change we made is within our technical team. Before, we used to have three individual division technical teams and in 2016, we have consolidated into one group R&D team bringing greater synergies into this new organization.

This accomplishes several things for us. It brings speed, efficiencies and innovations to our customers in segments. It leverages our product and platform technologies and allows us to share

them across the group much faster, continue to improve our speed and scale up of new products, and importantly, develop a world-class, global technical color platform that can be leveraged in our 300 industrial branches around the world while at the same time consolidating poor lab functions and global raw materials becoming much more efficient. And along with this is our ability to really deliver complete solutions for our customers.

For our customers, delivering products and new products is vital to their success. It's a process that is all-encompassing as it relates to the involvement of multiple functions as well as personnel. And perhaps even more challenging is the speed in which it takes to commercialize a new product. So, our approach is to bring the complete development solution to this critical need from design to manufacturing so we are there at the beginning with our customers' designs teams with resources and services showing future trends in the marketplace. We have a dedicated color studio where customers come to visit and also do innovative color development right on the spot in our facility that allows customers not to have to disrupt their production line to see what these new colors and trends look like on their parts. It also allows designers to see new trends being developed from all over the world.

From there, we have a team of engineers 100% dedicated to design engineering to help our customers set up their production line in the most efficient, productive and cost-efficient manner whether it be using computer aided design. Whether principles of 5S or lean manufacturing, our team is dedicated to providing a complete turnkey solution for not only their paint application but assembly and fabrication or whatever may be a part of their manufacturing process.

We have also invested significantly to provide a complete array of testing to help ensure the quality and effectiveness of our customers' products. These include ASTM certified equipment and methods, unique equipment to predict and measure our customers' application performance and the final appearance of their part. Complete accelerated weather testing including humidity and UV exposure. And we even go so far as a certified nuclear testing. These tools provide our customers complete confidence in the long-term quality of their product.

And recently, we have significantly added to our capabilities in our global application centers. These centers provide huge benefit for our customers. It allows them to replicate the exact environment of their manufacturing line. By working together in our application centers, we can dial in product performance and application process offline so they don't lose time and money qualifying these new products with limited interruption in their manufacturing process. So, we're expanding these resources around the world so all of our customers have access.

Here's a very brief video that demonstrates just some of our capabilities.

Now, I know that's not as sexy as some of Jay's or Sheri's commercials with color chips, hang gliding or surfing, but it's the kind of things that gets us really excited in the Global Finishes Group. So when we arrive at the point of trials for final qualification, it really should be a drop in solution for our customers to allow them to get production, which is so vital to them, up and running as quickly as possible. And as always, with the assistance of our extensive field-based technical service team to provide any needed support.

So, these value-added services allow our customers to bring new products to market faster, complete confidence in the performance of their products in real life environments, and it minimizes the downtime on their manufacturing lines to test and trial new products, helping our customers with speed and productivity.

In summary, our strategy remain very focused: operate our group across expansive markets, maintain our customer segmentation, deliver innovative products and technologies and services that allow our customers to differentiate their products, and be more profitable every year.

Our customers are demanding world-class products and services. We want to differentiate with the best people in and around the world with an infrastructure that delivers local service and technical support or complete development support beyond even coatings. We want to be the supplier that our customers want to partner with long-term.

So with that, thank you. And it is my pleasure --

END

DAVID SEWELL: -- to introduce Tom Hablitzel, President of the Automotive Division.

TOM HABLITZEL: Good morning everyone! And thanks for the opportunity to update you on the activities of the Automotive Division. But first of all, I have to just go back on Bob Wells' comments about all of the excitement and all the activity that's going in Cleveland, you know, with the Cavs, one win away from the NBA finals, the planning for the Republic of National Convention, but for a guy in the collision repair business, it doesn't get any better than filming the Fast and Furious 8. Have you seen all those car accidents out here, right on this intersection? I find that very, very exciting. The best that I can tell too, they don't have one take right. We have plenty of body shops in the Cleveland area using Sherwin-Williams Automotive Refinish; they can take those cars to until they get that film right.

But thanks again for the opportunity. The Automotive Division continues to focus on a diverse set of transportation market segments. These segments include, as I mentioned the collision repair and the production shop segments, the OE interior segment, custom finishes and restoration, as well as the commercial, general aviation and military aerospace segments. The collision repair segment does represent our largest opportunity and specialty interior finishes remains a strategic growth opportunity for us, primarily due to the global automotive sales and the margin opportunities that Naval Technologies are able to deliver. All these segments continue to be consistent in their demands for innovative coatings, dependable distribution and a high level of service.

We continue to expand and support our customers globally. We distribute coatings in over 100 countries with products produced at nine primary manufacturing locations. In the past year, our teams in China moved to a new group headquarters in Shanghai. Our South American team moved to a new headquarters in a technical center in São Paulo and our products are distributed through Control Distribution, North America and primarily through strong independent distribution partners for international businesses.

Our business strategy remains consistent with previous presentations. We continue to focus on providing innovative solutions in the markets we serve. We invest and enhance in Control Distribution, distribution model, United States and Canada, and pursue growth in a number of transportation segments and expand our presence globally. We certainly also focus on the development of our people and systems to support our global business.

Our markets continue to experience a unique set of forces that impact our business environment. The slowing Chinese economy and sluggish Brazilian economy has provided headwinds. U.S. economy has benefited from low gas prices and increases in miles driven. Strong car sales provide a refresh to an aging fleet which are all favorable trends for the collision repair segment. Now industry consolidation, the collision repair segment continues at a rapid pace with the big four consolidators now holding approximately 13% market share.

Self-driving technology continues to be a frequently discussed topic, especially the "when" of its influence on our market dynamics. We continue to support our U.S. and Canada customers through our unique model of Control Distribution. Through this model, our customers are supported by our employees from manufacturing, product delivery and business consultation, a

simple approach that provides control of every step of the product life cycle and brand experience. This model matches the strategic objectives of large MSOs in providing a consistent and repeatable experience including the national delivery of pricing and the rapid launch of new products. Our field team is well-positioned with our key customers and aligned to provide training, technical and consultative support to meet their performance metrics.

Now in addition to Control Distribution model, which owns the Sherwin-Williams brand, we sell through a number of independent distribution partners. Through NAPA, our largest independent distributor, we exclusively sell our Martin Senour brand. Through our 90-year business relationship, we had distributed and sold our paint alongside NAPA's extensive automotive product line with the strategy of the paint store in the part store.

Strategically, this relationship expands our distributions to markets with lower registered vehicle concentrations as shown on this map profiling Western New York. We have Sherwin-Williams branches in Albany and Syracuse but NAPA helps us to market through an additional 100 plus jobbers. Martin Senour Auto Refinish Paint is sold at over 1,500 NAPA locations nationwide.

We continue to expand and strengthen our allied product offering as part of our total PBE offering in support of our national distribution platform. Central to our strategy is the development of our fast line, private label product line offering a broad range of products and the opportunity to more efficiently manage margins and inventory levels. This program compliments our national brand offering. Our fast line brand is being widely accepted in the standard operating procedures of our largest customers. We also continue to add products to support our customers including aluminum repairs with OEM approved equipment and tools.

Innovation remains central to our strategy of aligning our resources with the needs of our customers. The need for speed and cycle time reduction with process improvements is a necessity in a highly competitive environment of industry consolidation, inflationary cost and pressures for lower repair cost by insurance providers. We continue to develop products that provide sustainable improvements in speed and process. Our color retrieval tools are constantly upgraded and added to drive accurate formulations and rapid retrieval. Information Technology can be utilized to optimize color formulas, manage AP and GOM inventories and drive operation metrics.

Product innovation remains a high priority for our division. You'll have a chance to see many of these innovations this afternoon. In the summer in 2008, we launched our high speed primer and Clearcoat technology that remains a top seller and a product line advantage today. We translated this innovative, patent-protected technology to additional product lines and market segments to benefit our customers. Big systems have been developed utilizing our technology for the development of express scratch repair, providing a new revenue streams for our dealership customers. Our Hail Damage Repair systems helps with the speed repair of hail-damaged vehicles and with improved shop flow through. Lean Stock and FormulaExpress have been developed utilizing information technology to provide lower working capital and speed in color-retrieval.

We will continue our efforts in the development of product and tools that are sustainable and assist customers with speed and process and lower cost. Last year I previewed our new color retrieval platform, FormulaExpress 2.0. Adaption continues at a rapid pace and is particularly effective when connected with other technologies. This year, we launched a second generation spectrophotometer, iFEX 2.0. iFEX 2.0 recommends the right color repair with 95 plus percent accuracy. It reads effect, the metallic pigments and dramatically speeds up the color verification process. That high speed is required by high volume collision shops and MSOs. I've also presented our new application center including our investment in robotics, as well as our new soft-touch coatings called "G56" which was introduced at General Motors.

The current launches of the Chevy Cruze, Malibu and Volt utilized the soft-touch feel of G56. We have now supported General Motors production of vehicles in the United States, China, Korea and Argentina with numerous additional launches planned. The G56 product remained sole specified to General Motors and has gained the attention of other OEMs including Ford and Tesla. Our investment and robotics has assisted in our application development and smooth transition to the production lines of our tier one customers. Our soft feel technology and expanded applications capability translate well to other transportation segments in the electronics marketplace.

We have leveraged our automotive technology to develop a Basecoat Clearcoat system for the Aerospace General Aviation market. This technology has a competitive advantage of faster dry times with an extensive color library, including solids, metallics and micas. The Basecoat Clearcoat system provides system cost advantages for general aviation including faster dry times, and speed in taping and applying stripes. We have quickly gained a number of strategic approvals with this technology including Cirrus Aircraft, Bell Helicopter, Eclipse Aviation, Learjet and we remain pursuit of many others.

Our brand activities will include a central theme of celebration 150 including AP promotions and selling events. We will continue to leverage our NASCAR and IRL relationships for branding and customer relationship opportunities. A number of our AP partners have produced limited edition tools and products in recognition of our company's milestone. We have partnered with 3M and Roush to provide one lucky customer with the opportunity to win an F-150 in a highly visible promotion this fall at SEMA Show.

Finally, as David indicated to you, we are excited to -- sorry about that. We are excited to be a part of the Virgin Galactic and their innovation and initiative to provide an opportunity for all of us to travel to space. In case you're curious, for only $250,000, you can be added to a waitlist of approximately 750 people to experience what only 553 others have, feeling weightlessness in space. Now, most important to me as President of the Automotive Division is being part of an initiative that makes us the first division to say our strategy goes beyond being global and we now have a galactic status in business model.

In summary, our strategy remains in place, a commitment to providing innovative solutions for the diverse transportation segments we serve. We continue to expand and strengthen our position globally and leverage our differentiating business model in United States and Canada. With that, I want to thank you again for your time and attention and it's now –

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TOM HABLITIZEL: My pleasure that I introduce to you the President and General Manager of the Protective & Marine Business, Mr. Brad Rossetto. Thank you.

BRAD ROSSETTO: Thanks so much, Tom and good morning everybody. It's my pleasure this morning to provide you with just a brief update on the protective and marine industry as a whole and some of the challenges that we've seen over the last 12 months since we were all back together. Then I want to look ahead some of the opportunities that we see for continued, sustainable, profitable growth in the segment and some of the things that we're doing within our division to meet the challenges ahead.

2015 indeed was a challenging year for the Protective and Marine industry across the globe. Demand for protective and marine coatings declined just about 11% overall, sidelining roughly about 1$ billion in coatings demand around the world. And with this contraction, we're seeing just a slight reordering of the mix between the protective and marine coatings with marine demand continuing to soften around the world particularly in Asia, and protective coatings that we see used in resource extraction industries like oil and gas and mining continuing to slacken quite considerably. Now notably, these declines in the changes and the demand profile have reduced the size of the market overall. And after a number of years, we saw expansion. The market actually contracted somewhat in 2015, taking us back roughly to 2011 levels.

Now, having said that, there are a number of very important things that we're doing to move and step with this changing landscape. One thing for our business hasn't changed and that's really our principle mission, and that is to provide protective and marine coatings for asset protection around the world.

Now, we continue to see our space in terms of end use market verticals. We manage these verticals very much like a portfolio. Investing in areas where we see the greatest opportunity for profitable growth and reallocating resources or other verticals that are showing weakness in the near term. Now, to reinforce this point just a little bit, I've spoken in the past about our participation in oil and gas and you know about the work that we do there or with the U.S. Navy being the U.S. and British Navies principal supplier of protective coatings. Or maybe there are some lesser known projects, like the protective coatings supplied in the renovation of the capital dome that we've been seeing over these last few years, to fire protective coatings for major new infrastructure projects around the world. This one happens to be the new street station in Birmingham, England, of course to the New Atlanta Falcon Stadium. We're even working to protect some of the world's coolest roller coasters. This may be an application that you might not know us for. I could tell you a lot about it, but I thought I just show you this quick video clip instead.

Now, the park did want me to mention that they are open this weekend in case you wanted to get a closer look at the fresh coat of paint on that roller coaster. They'll be happy to take your money. But as I did mentioned earlier about slackening demand in protective and marine coatings, roller coasters alone are not going to be enough to make up for the contractions that we saw, and the slump we continue to see in investment in oil and gas, which is a major consumer of protective and coatings as you can appreciate, or the slackening demand that we're seeing in infrastructure projects particularly in China.

But we only really need to look to infrastructure to understand where the demand is going to come from over the next number of years. The reason for that in the immortal words of Neil Young, “Rust really never sleeps.” The state of the world’s infrastructure is very poor. Here in the U.S. alone, it’s estimated that if we do nothing to address the need to renew critical infrastructure, we could face economic declines that could cost us as much as four trillion in lost output. Let’s just consider a few of the numbers. Last year, capital investment in infrastructure, most of which will feature protective, fire protective and floor coatings was 3.4% of GDP or roughly $611 billion. Now this, according to the president’s counsel of economic advisers is the lowest level that we've seen in over 60 years or since about the end of the Second World War. In short, this current state of affairs is really not sustainable if we want to at the very least maintain our current rate of economic expansion. Now, in each of these critical areas, Sherwin-Williams is well-prepared to meet the challenge of protecting these assets. We’ll do that with advanced coating solutions that are longer-lasting, more environmentally friendly, including a very wide range of water born, low or no VOC coatings.

Let’s just take a closer look at one very important infrastructure area, the country’s bridges. We used this everyday. According to the American Society of Civil Engineers, more than 61,000 bridges were deemed structurally deficient. Or to think about that in another way, if we laid out all of those bridges continuously, they would stretch in an uninterrupted section from New York to Miami. It’s a lot of bridge work and as you can appreciate, it’s a heck of a lot of protective coatings. Now, the barriers to entry in this space are pretty high. Not everybody can work in the bridge business. To give you a flavor of what bridge painting is all about, we brought along this short clip for you.

Now, the barriers to entry here extend well beyond, actually being able to apply this coating safely. They extended the coatings themselves. You see these systems are highly engineered or specified as we say in our industry. In many ways, our success is a function of a lot of things. Its service, its distribution, its quality of products, but it all starts with an approval based on a specification. As you can see from this chart, Sherwin -- this is another area of that Sherwin is absolutely leading. We have greater spec share in this space than any of our competitors. And you’ve got to remember, “No specification, no sale.”

Of course, bringing innovative technologies to market is a focus. We all talk about it. But we’re winning awards based on the innovative technologies we’re bringing to market that improve productivity, enhance protection or are easier on the environment. This one happens to be from the prestigious Steel Tank Institute where we won for a technology that does the work of three coats in fewer coats. Speaking of prestigious, we’re proud to announce another of our innovative coatings, our Dura-Plate 301 technology that allows for use on wet or poorly prepared surfaces. So really a coating system that’s perfect for maintenance has won a Queen’s Award for Enterprise Innovation. This is the highest honor bestowed by the U.K. for enterprise innovation. We’re very proud of this one. So at the end of the day, we really are walking the talk and bringing innovative technologies to market.

Finally, speaking of markets, from the perspective of the protective and marine industry, we wanted to give you a view of the year ahead. Now, in the U.S. and Canada, not withstanding

what we're seeing in oil and gas, we are seeing some upsides particularly, as I mentioned earlier, in infrastructure spending. It really is starting to propel our market in North America. Now, in Latin America, more of a mixed bag. We are seeing improvements in demand in the south cone area of Latin America: Chile and Argentina in particular. But these are offset somewhat by continuing weakness that we see in Brazil. When we move to Europe and the Middle East, the results and our outlook is a little mixed. Brexit continues to waste on projects in the U.K. After the vote in June, we'll get a better sense of how that develops. In the Middle East, we're continuing to see some volatility.

In Asia, where China has been a sunny sky for us these last few years, we're starting to see a slackening of demand, particularly in marine, in the new building segment. And on the protective side with an easing of demand in the big infrastructure projects that we've seen over the last few years as Chinese debt is starting to cool the number of big infrastructure projects that are being undertaken.

So to sum up this morning, we remain very bullish in our ability to continue to be a source of sustainable, profitable growth for the company. We have a very strong diverse portfolio of end use market segments in which to draw from, and really are addressing the market at large. And we have a leading position and specifications and approval, so critical, and a robust innovation pipeline in which to draw from. A number of these cool innovations you will see later this afternoon when you visit our technology center. With that, I'd like to thank you for your interest in our business.

BRAD ROSSETTO: It's my pleasure to welcome Dennis Karnstein, the president of the Product Finishes Division.

DENNIS KARNSTEIN: Good morning, everybody. It's great to be here with you today to share some of my thoughts about the Product Finishes Division, but I also understand that I'm the last presenter, so we will work through this quickly.

Let's start out with a review of what the Product Finishes Division does. We sell coatings and finishing solutions to original equipment manufacturers, tier suppliers and finishing job shops across two main business; wood and general industrial.

Starting with the wood segments, furniture and kitchen cabinets have long been core to our business around the world. Original equipment manufacturers produce residential and office furniture, kitchen cabinet, hospitality and outdoor furniture as well. But this segment also includes musical instruments, caskets, shelving and retail fixtures.

Building products includes manufacturers of doors, joinery and siding, if you think about it, vinyl windows, composite wood exterior siding. Building products also includes high volume aluminum extrusion manufacturers that focus on large projects like schools, high-rises and metal fencing. But both include windows and doors and sell their products for both new and remodeling use.

Next, we have our heavy equipment and transportation segment and we've increased our scope, as David talked to a little bit earlier, adding focus markets such as truck manufacturers and fleet refinishers who share similar needs with heavy equipment OEMs and tier suppliers.

We're also proud to supply our coatings to the U.S. Military segments and its allies. If you remember, coatings in this market require specific government approvals and include CARC, or what's called Chemical Agent Resistant Coatings.

Our general finishing market includes job shops and OEMs that coat an array of products like enclosures, household goods and warehouse racking. We have a line of both liquid and powder coatings that provide solutions that meet the needs of the ever demanding customers.

And finally, we have a dedicated electronic business that serves OEMs around the world and their tier suppliers that manufacture things like laptops, desktops, consumer electronics and medical devices, and also business machines.

Many of our customers operate globally and demand global solutions by having assets, technologies and resources around the world. We believe we're well-positioned to partner with them. Our ability to provide coating solutions globally gives them confidence that their products will have the same color and coatings performance regardless of where they manufacture their products.

This next slide is really a little bit of a deeper dive about the transportation segment. Since the transportation segment is a consolidation of heavy equipment, the truck and bus work vehicles,

fleet refinishing and signs from previous years, I wanted to just take a minute to talk a little bit about how we leverage these product technologies and services across these customer segments. The pictures, hopefully, give you an idea of what each segment does.

Heavy equipment obviously includes construction and agricultural equipment, along with tractor trailers.

Truck and bus include semi truck trailers and underbody, under-hood applications. While up-fitters include manufacturers of specialty trucks for businesses like cable, plumbing and HVAC companies. Typically, they start with the chassis of a new body and actually add on the entire back end for better storage and utilization.

The fleet segment is focused on managing assets and requires efficient coatings to keep the trucks on the road longer and promote their brands properly.

And finally, signs -- as this historic sign from Las Vegas shows, require coatings that are long-lasting and fade resistant.

I'm not sure, but if you look closely at that picture, you can see that the right of the star that there's actually a person up there. That's actually our customer on top of the sign showing you the magnitude and size of that sign. Obviously it takes bravery and safety to pull off making these signs look so good.

The total OEM market opportunity that we operate as product finishes is estimated to be about $28.1 billion. This includes both liquid and powder coatings. And as you can see, we do break it down between wood and general industrial.

About three quarters of the total available market is general industrial, which is really not surprising if you think about all the products that are manufactured with plastic and metal, et cetera. However, I do find it interesting and I think you would as well that in Europe, almost 50% of the market is wood. And I also point out, Asia still represent a significant business opportunity with just under 50% of the market.

So our goal is simple, it's to thrill our customers with product innovation, trusted support and value-added services.

I'm going to highlight a few products in just a minute and later, you're going to have an opportunity to see many of these at the Breen Technical Center.

But first let me expand on what I mean by trusted support. Our value proposition focuses on sales, service and technical teams and their role as what we call "trusted advisors" to our customers. We deliver on this by having local blending facilities or trusted distribution partners along with sales and tech reps near our customers so they understand their specific customer needs and make themselves available when needed.

We also segment our teams into wood and general industrial so they are true experts in products, customer needs and application techniques. Our trusted advisors in wood and general industry understand the similarities and differences between the markets we serve. For example, OEMs value process efficiency, color and obviously durability, but how these needs are met differently depending upon the segment.

Let me give you an example. In the wood segments like furniture, OEMs want to use lower cost substrates such as MDF, or medium-density fibreboard. We have coating solutions in both liquid and powder that allow them to make this possible. In general industrial, OEMs focus on factory throughput and process cost and we have coating solutions that enable them to drive efficiency with faster dry times and lower temperature cure cycles.

Value-added services go from complete turnkey design and installation of complete finishing systems to technical support where experts fine tune an existing process. They also include one-stop shopping for equipment and associated products.

We also have our color and design services to provide custom color palettes and assessments for color trends and have our products and color team design new product innovations from our own customers.

So that's a great segue into our product innovations for wood as color is such a big point of differentiation for us. And it's the first product I'm going to speak to in this segment.

Surewood SB Stain, I actually talked a little bit about this last year and it's a product that you're going to see a little bit more today. It allows our customers to hit the right colors consistently and it reduces work or rework which in turn improves productivity. But it's one thing for me to tell you about it. Let me show you what one of our customers said.

That's a big issue in that market, one defective piece from where he went to where he is today using this product line. And I see that customer is as thrilled to be using the new SB Stain.

Moving on to some other products in the wood segment is Kem Aqua BP Siding Plus. Homeowners are looking at the exterior of their homes to express themselves through color. BP Siding Plus allows manufacturers of composite siding to match virtually any color in the Sherwin-Williams fan deck with fast-dry, factory-applied waterborne formulation to maximize productivity again and substantially improve the customer solutions for color offering. The product offers the homeowner or the contractor the option to leverage their near Sherwin-Williams store for touch up paint as well.

Wood manufacturers are also driving value with lower cost substitutes. I mentioned MDF earlier, or medium-density fibreboard. This is something that was developed by a European team for large furniture OEM customers. This new way of applying an edge coating leads to a dramatic timesaving. As you can see in the photo, you'd have no idea that under the color is MDF. You would think it's a solid wood piece. You'll see samples of this, this afternoon at Breen Technical Center as well.

Another success story from Europe is our Sayerlack product line based in Italy called Hydroplus. I have been following this product a long time. It's a wonderful product. It's water-based. It looks great. It's durable. And you might ask, "How durable?" Well, this is the product that is used on manufacturers of baseball bats. Now, there aren't a lot of dining room tables that require protection against a 90 mile an hour fastball, but if you need that for your tables, this is the type of coating that you want to use.

Now, I'm going to switch gears to speak on just a few products in our general industrial coating segment.

Kem Aqua 8710 is a water-based coating with great application for metal job shops. You can see how easy it sprays in this video clip. Since we work with spray equipment manufacturers, as Tom was showing you a little earlier, we believe that this product is very, very easy to convert and it's vetted with existing systems from our customers. Once it's applied, it dries fast, 30 minutes to touch, meaning the finisher can move on to new products faster and improve their throughput.

Powdura OneCure, this is a powder new product technology, eliminates an entire step from finishing processes by applying a topcoat directly over a primer with only one cure cycle or bake cycle. Obviously, that reduces time and energy and cost in manufacturing. This product also has patent pending technology to deliver durability and performance required by our OEMs in markets like trailers, which is actually what is being shown -- being applied right here. You'll see this down at the Breen Technical Center as well.

And now I just want to kind of end on just something that has been relative to our 150th anniversary. You may be familiar with the product Polane and it's what I believe might be the longest-standing individual product brand launched in 1930. This shows a cover of our brochure we produced in 1975 for Polane that really demonstrates how versatile it has been and continues to be. You can see from the brochure, it coats everything from mailboxes, to tractors, to even -- I think those are pig troughs. But a coating like Polane doesn't get to be 86 years old without consistent evolution and innovation to meet the challenge and customer needs. And there are numerous examples of improved performance or efficiencies that I could talk about today, but I'm just going to talk about one. And that's Polane D 8700, which is new in the market from its direct to metal urethane which goes straight on pretreated steel without a need for priming. So once again, it's aimed at improving efficiencies for our customers.

Last but not least is another product that comes from the DNA of Polane which is our Genesis line of premium automotive grade finishes for the transportation and sign markets. This Genesis line has a newly launched accelerator that when added to the base product, it simply speeds up the cure time.

But that's not the point I wanted to make on this. The innovation sometimes comes from other businesses. If you've ever used a fuel stabilizer, you've seen packaging like this that self-measures exactly how much you need without spilling. This is a great example of the work our teams do to thrill our customers thinking about every detail of the finisher's experience to optimize it in every possible way.

And with that, I’d like to thank you and ask John Morikis to come back up here for the Q&A session.

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