

SHERWIN WILLIAMS CO  
Form 11-K  
June 23, 2017

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 11-K

ANNUAL REPORT  
PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR  
 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-04851

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: THE  
SHERWIN-WILLIAMS COMPANY EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: THE  
SHERWIN-WILLIAMS COMPANY, 101 W. PROSPECT AVENUE, CLEVELAND, OHIO 44115

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ANNUAL REPORT

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

December 31, 2016 and 2015

INDEX

The following financial statements and other information of The Sherwin-Williams Company Employee Stock Purchase and Savings Plan (the Plan) are included herewith:

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<u>3</u>	Report of Independent Registered Public Accounting Firm
<u>4</u>	Statements of Net Assets Available for Benefits
<u>5</u>	Statement of Changes in Net Assets Available for Benefits
<u>6</u>	Notes to Financial Statements
<u>11</u>	Signature of the V.P. - Employee Benefits
<u>12</u>	Exhibit index

The following supplemental schedule of the Plan included in the Annual Report of the Plan on Form 5500 filed with the Employee Benefits Security Administration for the year ended December 31, 2016 is included herewith:

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<u>10</u>	Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Administrative Committee of  
The Sherwin-Williams Company  
Employee Stock Purchase and Savings Plan  
Cleveland, Ohio

We have audited the accompanying statements of net assets available for benefits of The Sherwin-Williams Company Employee Stock Purchase and Savings Plan (the "Plan") as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

The supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of The Sherwin-Williams Company Employee Stock Purchase and Savings Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information presented in the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Crowe Horwath LLP

Oakbrook, Illinois

June 21, 2017

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STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

	December 31,	
	2016	2015
Investments, at fair value:		
The Sherwin-Williams Company common stock	\$2,878,472,249	\$2,942,166,682
Mutual funds	491,395,928	731,792,420
Collective trust funds	1,097,940,591	707,960,938
Money market funds	53,100,671	54,263,264
Total	4,520,909,439	4,436,183,304
Receivables:		
Notes receivable from participants	78,564,294	77,006,128
Contributions receivable from participants	2,227,960	—
Contributions receivable from The Sherwin-Williams Company	1,435,757	—
Other	227,733	349,095
Total	82,455,744	77,355,223
Net assets available for benefits	\$4,603,365,183	\$4,513,538,527

See notes to financial statements.

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

Year Ended  
December 31,  
2016

Increases in net assets available for benefits:	
Interest and dividend income on diversified investments	\$17,663,217
Interest on Notes receivable from participants	3,295,645
Dividends on The Sherwin-Williams Company common stock	36,732,432
Contributions from participants	134,325,844
Contributions from The Sherwin-Williams Company	85,215,606
Other income	71,324
	277,304,068
Decreases in net assets available for benefits:	
Benefits paid directly to participants	395,650,513
Fees	1,160,391
	396,810,904
Net realized and unrealized appreciation in fair value of:	
The Sherwin-Williams Company common stock	113,758,900
Diversified investments	95,574,592
	209,333,492
Net increase	89,826,656
Net assets available for benefits:	
Beginning of year	4,513,538,527
End of year	\$4,603,365,183

See notes to financial statements.

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## NOTES TO FINANCIAL STATEMENTS

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

December 31, 2016 and 2015

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Plan are reported on the accrual basis.

The following tables present the Plan's financial assets that are measured at fair value on a recurring basis, categorized using the fair value hierarchy as of December 31, 2016 and 2015:

	Fair Value at December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
The Sherwin-Williams Company common stock <sup>(1)</sup>	\$2,878,472,249	\$2,878,472,249		
Mutual funds <sup>(2)</sup>	491,395,928	491,395,928		
Money market fund <sup>(1)</sup>	53,100,671	53,100,671		
Total assets in the fair value hierarchy	3,422,968,848	3,422,968,848	—	—
Collective trust funds <sup>(3)</sup>	1,097,940,591			
Investments at fair value	\$4,520,909,439	\$3,422,968,848	\$	—\$ —

	Fair Value at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
The Sherwin-Williams Company common stock <sup>(1)</sup>	\$2,942,166,682	\$2,942,166,682		
Mutual funds <sup>(2)</sup>	731,792,420	731,792,420		
Money market fund <sup>(1)</sup>	54,263,264	54,263,264		
Total assets in the fair value hierarchy	3,728,222,366	3,728,222,366	—	—
Collective trust funds <sup>(3)</sup>	707,960,938			
Investments at fair value	\$4,436,183,304	\$3,728,222,366	\$	—\$ —

<sup>(1)</sup> The fair value of The Sherwin-Williams Company common stock and Money market fund is based on quoted prices in active markets for identical securities.

<sup>(2)</sup> The fair value of mutual funds is based on quoted redemption values on national security exchanges on the last business day of the Plan year and is valued at the net asset value (NAV) of shares held by the Plan at year-end.

<sup>(3)</sup> In accordance with the Fair Value Measurement Topic of the Accounting Standards Codification (ASC), investments that were measured at NAV using the practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the statement of Net Assets Available for Benefits. There are no unfunded commitments, significant redemption limitations or restrictions on the ability to sell these funds.

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from these estimates.



NOTES TO FINANCIAL STATEMENTS

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

NOTE 2 - DESCRIPTION OF THE PLAN

The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Any salaried employee of The Sherwin-Williams Company (the Company) or participating subsidiary and any employee in a group of employees to which coverage has been extended on a non-discriminatory basis by the Board of Directors of the Company is eligible for membership in the Plan provided the employee: (a) is a full-time or part-time employee of the Company or a subsidiary of the Company which has adopted the Plan; (b) is not a member of a collective bargaining unit which was recognized by the Company on the date coverage under the Plan is extended to the employees work group, division or subsidiary, unless and until such eligibility shall be extended to members of such collective bargaining unit by negotiations between an Employer and the bargaining agent, and is not a member of a collective bargaining unit which is first recognized by an Employer after the date coverage under the Plan is extended to the employees work group, division or subsidiary where such collective bargaining unit through its representative has agreed with an Employer that the members of such collective bargaining unit shall no longer be eligible for membership in the Plan; and (c) is employed in the United States or is a United States citizen if not employed therein.

Eligible employees hired by the Company or participating subsidiary have the option of participating in the Plan. The maximum participant contribution is 25% of earnings, subject to limitations imposed by law. The Company makes matching contributions of 100% on the first 6% of eligible employee contributions beginning the quarter following the employees' one-year anniversary with the Company. Prior to January 1, 2017, eligible employees were 100% vested in Company contributions. Effective January 1, 2017, the vesting of Company contributions is based on a vesting schedule. Participants may diversify both future and prior Company matching contributions previously allocated to Company stock into diversified investments. In the absence of timely direction, Company matching contributions are directed to Company stock.

During 2016, the Fidelity® Contrafund®, Fidelity® Low-Priced Stock Fund and Fidelity® Mid-Cap Stock Fund mutual funds were removed and replaced with the Fidelity® Contrafund® Commingled Pool, Fidelity® Low-Priced Stock Commingled Pool and Fidelity® Mid-Cap Stock Commingled Pool collective trust funds, respectively. All amounts previously invested in these Fidelity mutual funds were either redirected by participants to another investment fund, or in the absence of timely participant direction, directed by the Plan Sponsor to the similar Fidelity collective trust fund. Eligible employees hired by the Company are automatically enrolled in the Plan and, in the absence of timely direction, their contributions are directed to an appropriate T. Rowe Price Retirement Trust fund. Employee contributions are established at 3% of pre-tax earnings. Eligible new hires may change the pre-selected enrollment option or choose not to participate in the Plan prior to being automatically enrolled. If new hires choose not to change the automatic enrollment employee contribution level of 3%, the employee contribution level will increase at the beginning of each subsequent plan year by 1%, until either the employee individually changes the employee contribution level or the employee contribution level reaches the maximum automatic employee contribution level. The maximum automatic employee contribution level is 10%.

Notable Plan features include the following: (a) eligible employees can utilize a toll-free phone system or the Internet to obtain account statements and to conduct transactions; (b) withdrawals from the Plan (including loans) are processed any business day subject to certain trading restrictions imposed by each fund manager; (c) eligible employees can change their investment option direction for new contributions any business day; (d) eligible employees are 100% vested in eligible employee contributions; (e) if elected by the eligible

NOTES TO FINANCIAL STATEMENTS

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

employee, account statements are sent on a quarterly basis; and (f) eligible employees are allowed to diversify 100% of amounts invested in Company stock, including Company contributions to the eligible employee's account, to the diversified investments.

The Plan permits eligible employees, who are active employees, and other "parties in interest" (as such term is defined in Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended), to borrow from such eligible employee's vested benefit portion of their accounts an amount not to exceed the lesser of \$50,000 reduced by certain outstanding loans to the eligible employee under the Plan or one half of the vested benefit portion of the eligible employee's account under the Plan. Notes receivable from participants are treated as a transfer between the other investment funds and the Notes receivable from participants activity fund. Terms range from one to five years or up to ten years for the purchase of a primary residence. The Notes receivable from participants are secured by the balance in the eligible employee's account and bear interest at the prime interest rate plus one percent. Principal and interest are paid ratably through payroll deductions and credited to the eligible employee's account.

Investments in Company stock and the diversified investments are participant directed. In the absence of timely direction, employee and Company contributions are directed as described above.

Subject to certain Plan limitations, the Plan permits eligible employees to withdraw in cash or shares up to 100% of the market value of all amounts credited to such eligible employee's employee contribution account plus up to 100% of the market value of amounts credited to an eligible employee's Company contribution account. Withdrawals from an eligible employee's Company contribution account for Company contributions made before January 1, 2002 are permitted subject to certain plan rules. Company contributions made after January 1, 2002 are fully vested and can only be withdrawn from eligible employees' accounts in the event of death, disability, retirement, termination of employment or attainment of age 59½.

Subject to certain Plan limitations, the Plan permits eligible employees to make a withdrawal in cash from the vested portion of the eligible contribution account upon attainment of age 59½. Eligible employees under age 59½ may be permitted to make a hardship withdrawal from the eligible employee's salary reduction account for certain financial emergencies, including certain medical expenses, certain tuition and education expenses, payments to prevent foreclosure on a principal residence occupied by an eligible employee, payments to finance the purchase (excluding mortgage payments) of a principal residence, payments related to certain funeral expenses, and payments related to expenses for employees affected by a declared disaster. Distributions are recorded when paid.

Distributions from diversified investments for withdrawals or upon an eligible employee's termination of employment are made in cash at the market value as of the valuation date coinciding with or immediately preceding the distribution. An eligible employee may elect to receive distribution from Company stock for withdrawals or upon an eligible employee's termination of employment in whole shares of stock determined as of the applicable valuation date. Fractional share interest is distributed in cash at the market value as of the stock transfer date. If such election is not made, distributions from Company stock are made in cash.

The Plan invests in various investment securities. Investment securities, including Company common stock, are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## NOTES TO FINANCIAL STATEMENTS

### THE SHERWIN-WILLIAMS COMPANY EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

Costs incidental to the purchase and sale of securities, such as brokerage fees, commissions, and stock transfer taxes, are borne by the respective funds. Costs and expenses of administering the Plan are primarily borne by the Company, with the exception of fees relating to participant loan activity and qualified domestic relations orders, which are borne by the eligible employees. Other income consists of unallocated revenue credits from the Fidelity Management Trust Company (the Trustee), which the Plan intends to use to pay for future administrative expenses or allocate pro-rata back to participants.

Further information about the Plan is contained in the Plan's Summary Plan Description (SPD). Copies of this SPD are available from the Administration Committee of the Company.

#### NOTE 3 - INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 16, 2013, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2013.

#### NOTE 4 - PRIORITIES ON TERMINATION OF THE PLAN

The Company reserves the right, by action of its Board of Directors, to amend, modify, suspend, or terminate the Plan. No such action will allow funds held in trust by the Trustee or the income thereon to be used for purposes other than for the exclusive benefit of members or their beneficiaries.

#### NOTE 5 - TRANSACTIONS WITH PARTIES-IN-INTEREST

As of December 31, 2016 and 2015, the Plan held 10,710,973 and 11,333,455 shares of the Company's common stock, respectively. During the year ended December 31, 2016, the Plan earned dividend income of \$36,732,432.

Certain Plan investments are shares of mutual or collective trust funds managed by the Trustee or an affiliate of the Trustee, and therefore qualify as party-in-interest transactions. Fees paid during the year for services rendered by the Trustee or an affiliate of the Trustee constitute party-in-interest transactions. In addition, the Plan holds notes receivable representing participant loans, which qualify as party-in-interest transactions.

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THE SHERWIN-WILLIAMS COMPANY EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN  
 SCHEDULE H, LINE 4(i)--SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 AS OF DECEMBER 31, 2016  
 EIN: 34-0526850  
 PLAN NUMBER: 001

(b) Identity of Issue, Borrower, (a) Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
<b>Common Stock</b>			
* The Sherwin-Williams Company	Company Stock Fund (10,710,973 shares)	**	\$2,878,472,249
<b>Mutual Funds</b>			
Vanguard Group, Inc.	Vanguard Institutional Index Fund Institutional Shares	**	89,818,023
Vanguard Group, Inc.	Vanguard FTSE All-World ex-US Index Fund Institutional Plus Shares	**	62,438,894
Vanguard Group, Inc.	Vanguard Total Bond Market Index Fund Institutional Shares	**	59,613,151
Vanguard Group, Inc.	Vanguard Wellington Fund Admiral Shares	**	52,160,367
RidgeWorth Investments	RidgeWorth Ceredex Large Cap Value Equity Fund	**	46,850,206
Vanguard Group, Inc.	Vanguard Wellesley® Income Fund Admiral™ Shares	**	40,209,198
Franklin Templeton Investments	Franklin Mutual Shares Fund	**	34,029,605
* Fidelity Investments	Fidelity® Limited Term Government Fund	**	31,290,929
* Fidelity Investments	Fidelity® Puritan® Fund	**	30,743,639
PIMCO Investments LLC	PIMCO Low Duration Fund Institutional Class	**	21,787,150
Vanguard Group, Inc.	Vanguard Inflation-Protected Securities Fund Institutional Shares	**	16,491,623
PIMCO Investments LLC	PIMCO All Asset Fund Institutional Class	**	5,963,143
<b>Collective Trust Funds</b>			
* Fidelity Management Trust Company	Fidelity® Contrafund® Commingled Pool	**	147,465,981
T. Rowe Price Trust Company	T. Rowe Price Retirement 2025 Fund	**	107,072,039
T. Rowe Price Trust Company	T. Rowe Price Retirement 2030 Fund	**	103,461,452
T. Rowe Price Trust Company	T. Rowe Price Retirement 2020 Fund	**	96,891,843
T. Rowe Price Trust Company	T. Rowe Price Retirement 2035 Fund	**	70,677,529
* Fidelity Management Trust Company	Fidelity® Mid-Cap Stock Commingled Pool	**	70,395,366
T. Rowe Price Trust Company	T. Rowe Price Retirement 2040 Fund	**	69,490,729
* Fidelity Management Trust Company	Managed Income Portfolio II Class 2	**	68,882,836
T. Rowe Price Trust Company	T. Rowe Price Retirement 2050 Fund	**	65,540,896
* Fidelity Management Trust Company	Fidelity® Low-Priced Stock Commingled Pool	**	61,056,577

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Fidelity Management Trust  
Company

T. Rowe Price Trust Company	T. Rowe Price Retirement 2045 Fund	**	60,875,645
Wellington Trust Company	WTC-CIF II Small Cap Opportunities Portfolio	**	58,669,160
T. Rowe Price Trust Company	T. Rowe Price Retirement 2055 Fund	**	39,942,296
T. Rowe Price Trust Company	T. Rowe Price Retirement 2015 Fund	**	33,440,404
T. Rowe Price Trust Company	T. Rowe Price Retirement 2010 Fund	**	9,564,469
TD Ameritrade	Strategic Allocation TOPS™ Aggressive Growth Portfolio	**	7,161,732
T. Rowe Price Trust Company	T. Rowe Price Retirement 2060 Fund	**	5,615,504
TD Ameritrade	Strategic Allocation TOPS™ Balanced Portfolio	**	4,324,283
T. Rowe Price Trust Company	T. Rowe Price Retirement 2005 Fund	**	4,082,380
TD Ameritrade	Strategic Allocation TOPS™ Growth Portfolio	**	3,888,978
TD Ameritrade	Strategic Allocation TOPS™ Conservative Portfolio	**	3,555,878
TD Ameritrade	Strategic Allocation TOPS™ Moderate Growth Portfolio	**	3,389,403
TD Ameritrade	Strategic Allocation TOPS™ Income and Growth Portfolio	**	2,495,211

* Fidelity Investments	Fidelity® Money Market Government Portfolio	**	53,100,671
* Participant Loans	Notes Receivable from Participants, with interest rates ranges of 4.25% to 10.5%	**	78,564,294

\$4,599,473,733

\* Represents a Party-in-Interest.

\*\* Cost information is not required for participant-directed investments.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

THE SHERWIN-WILLIAMS COMPANY  
EMPLOYEE STOCK PURCHASE AND SAVINGS PLAN

/s/ D.S. Mansfield

D.S. Mansfield, V.P. - Employee Benefits

June 21, 2017

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Sequential Page Number Where Exhibit Can Be Found
23	Consent of Independent Registered Public Accounting Firm	13