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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