



Sean P. Hennessy
Senior Vice President - Finance
and Chief Financial Officer
Phone: 216-566-2573
Fax: 216-566-2947
E-mail: sphennessy@sherwin.com

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Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Board Members:

The Sherwin-Williams Company ("the Company") appreciates the opportunity to comment on the Financial Accounting Standards Board's (FASB) Exposure Draft, "Leases." The Company is engaged in the development, manufacture, distribution and sale of paint, coatings and related products to professional, industrial, commercial and retail customers primarily in North and South America with additional operations in the Caribbean region, Europe and Asia. The Company sells products through more than 3,500 leased retail stores, distribution and manufacturing facilities, and sales offices throughout all of these domestic and global locations. Additionally, the Company leases vehicles, trailers, distribution and manufacturing equipment and office equipment at these locations. Multiple renewal options are available on the majority of leases that span as much as 15 years into the future. The majority of retail store leases carry contingent lease obligation provisions. Implementation of this proposed accounting guidance would be extremely costly, and the complexity would introduce significant volatility in earnings from quarter to quarter. Additional resources would need to be hired and upgraded expensive software would need to be purchased.

We acknowledge the significant time and effort that the FASB has spent on this issue and appreciate the overall objective of the exposure draft of eliminating off-balance sheet financing. However, we believe that the guidance as proposed will result in greater administrative costs to firms along with increased volatility in earnings that will confuse investors and will not provide more useful and reliable information for financial statement users. Our responses to selected questions in the exposure draft are set forth below. The responses focus on our primary concerns and include suggested modifications which we believe would improve the reliability of information presented and facilitate the implementation and ongoing administration:

Question 8: Lease Term

Do you agree that a lessee or a lessor should determine the lease term as the longest possible term that is more likely than not to occur taking into account the effect of any options to extend or terminate the lease? Why or why not? If not, how do you propose that a lessee or a lessor should determine the lease term and why?

Attempting to predict the outcome of explicit and implicit renewal options at the inception of a lease introduces a significant amount of estimation and judgment into the lease term calculation, and the resulting lease term would be highly subjective. Therefore, we recommend that only the value of future minimum lease payments under noncancellable leases having terms greater than 1 year be capitalized and recorded on the balance sheet, and optional renewal periods should only be included on the balance sheet when options have been exercised. Contingent lease payments should be expensed as incurred without recording estimates on the balance sheet.

Question 9: Lease Payments

Do you agree that contingent rentals and expected payments under term option penalties and residual value guarantees that are specified in the lease should be included in the measurement of assets and liabilities arising from a lease using an expected outcome technique? Why or why not? If not, how do you propose that a lessee or a lessor should account for contingent rentals and expected payments under term option penalties and residual value guarantees and why?

We believe that the inclusion of contingent rentals and expected payments under term option penalties and residual value guarantees in the measurement of assets and liabilities arising from a lease using an expected outcome technique would be costly and complex, unduly burdensome, introduce greater earnings volatility and decrease consistency in financial reporting. These payments are dependent on outcomes that are not subject to reasonable estimation, and including them in the measurement of assets and liabilities would not enhance the reliability of the measurements. We recommend that contingent payments continue to be expensed as incurred.

Question 10: Reassessment

Do you agree that lessees and lessors should remeasure assets and liabilities arising under a lease when changes in facts or circumstances indicate that there is a significant change in the liability to make lease payments or in the right to receive lease payments arising from changes in the lease term or contingent payments (including expected payments under term option penalties and residual value guarantees) since the previous reporting period? Why or why not? If not, what other basis would you propose for reassessment and why?

We agree that certain key considerations, such as length of lease term, should be reassessed throughout the life of the lease contract. However, we have significant concerns regarding the frequency of the required reassessments as the proposal is currently written (e.g., review for each reporting period). Instituting processes to actively monitor potentially wide ranging

factors that could change would be extremely costly and very difficult to implement and maintain. Rather than remeasuring assets and liabilities when changes in facts or circumstances indicate that there is a significant change in the value, we recommend that assets and liabilities only be remeasured for changes in conditions that are known with certainty and the effects can be reasonably estimated (e.g., when a renewal option is exercised or there is a significant change in a residual value guarantee).

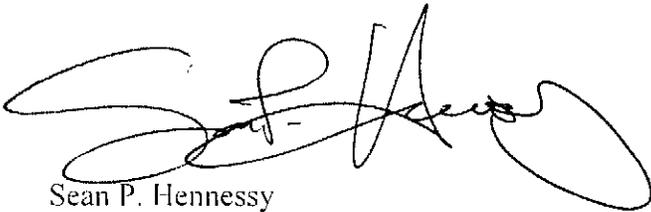
Other Comments:

Do you have any other comments on the proposals?

Given the complexity and scope of the changes being proposed in this exposure draft, we urge the FASB to reconsider the proposed timetable for issuance of a final standard. There are multiple conceptual and application issues that must be addressed in order for the guidance in the exposure draft to be operational, and we do not believe that the proposed timetable provides ample time to address these issues.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sean P. Hennessy', written in a cursive style.

Sean P. Hennessy
Senior Vice President – Finance and Chief Financial Officer