

The Regulation respecting the recovery and reclamation of discarded paint containers and paints was enacted by the government in 2001, obliging all companies that market architectural paint to recover or to ensure the recovery of waste materials.

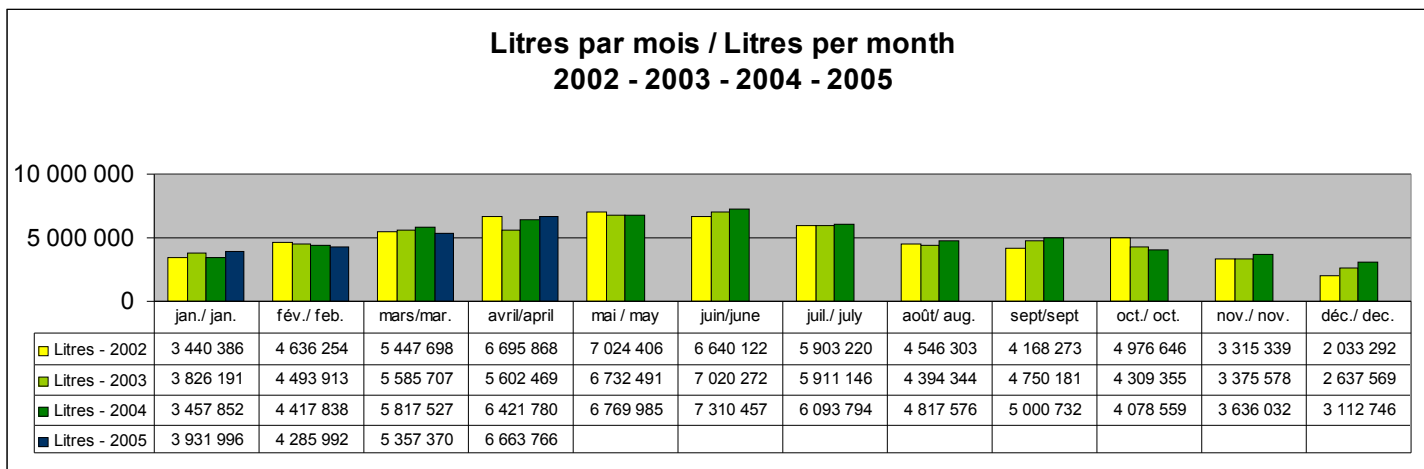
La Société québécoise de gestion écologique de la peinture, known as Éco-peinture, was then created to financially support and to implement a system to recover and reclaim discarded paint and paint containers. To meet the objectives set for the organization, Éco-peinture relies on a 25¢ fee built into each container of paint sold in Quebec by its 43 members. This money is used to pay for recovering and reclaiming waste paint. The system contributes to reducing waste materials and encourages the recovery and reclamation of paint and paint containers.

The Ministry of the Sustainable development and the Environment and Recyc-Québec ensure that all companies marketing paint in Quebec are required to follow the same regulatory requirements.

Sales:

The results from the first four months in 2005 confirm that sales of architectural paint have remained stable, year after year. Over the past twenty years, the paint industry has changed substantially the composition of its product, greatly reducing its toxicity. An analysis of architectural paint sales shows that latex paint accounted for 85% of the market in 2004; whereas alkyd-based paints accounted for the same percentage in the 1980s. This

confirms the observed trends and shows that less polluting paints have made an important breakthrough. Manufacturers have worked very hard to improve the quality of their latex paints. Although latex paint is much less damaging to the environment, it is still considered household hazardous waste (HHW), and should be disposed ecologically by dropping it off at the appropriate collection site.



Recovery:

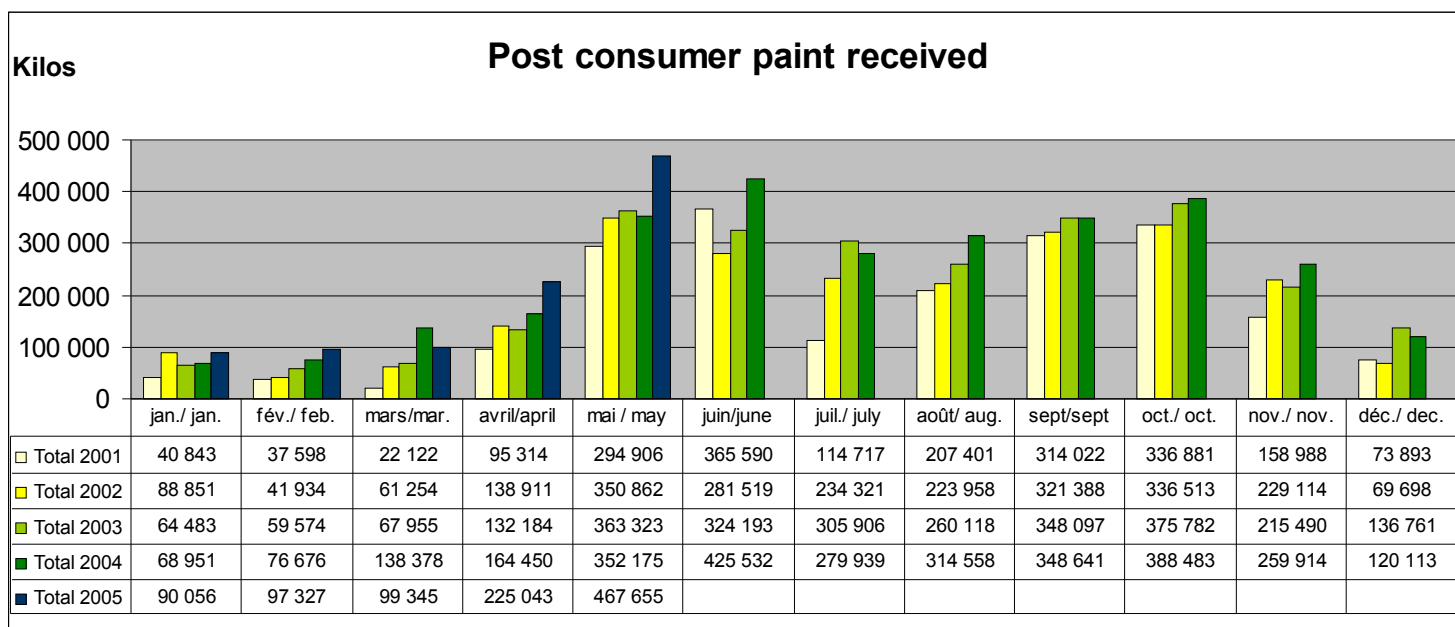
Over the last years, there has been tremendous growth in recovery. In the first five months of 2005, we experienced a 22% increase in intake compared to the same period last year. This increase in the recovery of discarded paint containers and paints can be explained by the following factors:

- The municipalities are adopting the Éco-peinture container program. The program seems to respond to their needs as it has grown by more than 50% compared to last year. Many municipalities have abandoned the yearly collection for the “year around” availability of the Éco-peinture collection bin.
- Recovery by the retail network continues to experience exceptional growth over last year.

Here is a quick overview of the paint recovery situation in Quebec:

- 303 municipal depots make use of 586 Éco-peinture collection bins
- 300 Rona, La Coop fédérée and Matériaux à bas prix retail stores now accept leftover paint.
- 100 depots (municipal, waste sorting and recovery centre or other) collect paint waste, using their own collection systems.
- Close to 100 municipalities, territories or agencies have set up household hazardous waste collections, which include paint.

This overview shows that paint is being collected by more than 463 of the 1,112 municipalities or territories in Quebec, where 88% of the province’s population lives.



In light of these results, Éco-peinture is continuing to set up its collection network in municipalities that are not yet involved. We want

to ensure that collection points become available in municipalities where other alternatives are nonexistent or too far away.



Consumer Information:

With the help of Peintures Récupérées du Québec, Éco-peinture provides a web site (www.ecopeinture.ca) where consumers can get all

the information they need about where they can drop off their leftover paint: such as addresses and schedule of the various sites in their region where they can drop off paint.

Late news:

In view of the negotiations of a new agreement with Recyc-Québec, we have asked our members for their views on the various aspects of the present agreement. We have received many comments that will be part of our discussions with Recyc-Québec.

These graphic data are valid as of June 29, 2005.

The sales graphic does not include spray paints sales.

The participant companies that participated in the April 2005 sales, as of June 29 2005, are:

Behr Process Corp.
Benjamin Moore
Bétonel Limités
Canadian Tire Corp.
Celadon
Centre du plancher PM
Dynamic Paint Company
Flood Paint Company
Gelco Lorain
Home Hardware
Hudson's Bay Company

ICI Canada Inc.
Osmose Pentox
Peinture Denalt
Peintures Élite Inc.
Peinture Micca Inc.
Peinture MF Inc.
Peintures Récupérées du Qué.
Peinture Style Ltée
PPG Canada Inc.
Recochem Inc.

Samuel Cabot
Sico Inc.
Sika
Société Laurentide
Swing Paint
TechniSeal
Tremco Canada
TruServ Canada Coop.
UCP Paint Inc.
Wal-Mart Canada Corp.

