THE SHERWIN-WILLIAMS CO.

OF CANADA, LIMITED

MANUFACTURERS OF PAINTS, VARNISHES, LACQUERS, COLORS, OXIDES, INSECTICIDES, LINSEED OIL AND WHITE LEAD

FACTORIES: MONTREAL, TORONTO, WINNIPEG, VANCOUVER
MINES: RED MILL, P.Q.

OFFICES AND WAREHOUSES IN PRINCIPAL CITIES

P.O. BOX 489
MONTREAL

October 12, 1949.

Canada Metal Company Limited,
721 Eastern Avenue,
Toronto, Ontario.

Dear Sirs:

With reference to the Memorandum of Agreement made in triplicate as of the 31st of August, 1949, by and between yourselves, ourselves and The Carter White Lead Company of Canada Limited, it was provided, amongst other things, that the Directors of Carter as of the 31st of August, 1949, would declare a dividend to the full extent of the surplus of the Company available for payment of dividends.

As appears by a letter dated October 5th, 1949, from Price, Waterhouse & Company, Carter's auditors, to Mr. J.S. Moffat, Vice-President and General Manager of Carter, copy of which is attached hereto, it would seem that there are certain factors which prevent the final determination at the present time of the surplus of Carter as at August 31st, 1949.

The first material item is that which is specifically referred to in the letter of Messrs. Price, Waterhouse & Company, namely, the Sterling liability carried on Carter's books in respect of fines and levies.

The second material item concerns the final determination of the Company's tax position at August 31st, 1949, in connection with which the Company is claiming an overpayment of $37,621.90 of taxes in respect of the Company's fiscal year ending August 31st, 1947.

Furthermore, Carter has not been finally assessed with respect to taxes to the end of its fiscal year ending August 31st, 1949, and it may be that, as a result of these assessments, further adjustments will have to be made to the Company's liability for taxes in respect of the years up to August 31st, 1949, including adjustments resulting from final determination of the amount of the Sterling liability referred to above.

It is our proposal that:-

(a) when the amount of the above mentioned Sterling liability is finally ascertained, any reduction or increase thereof as compared to the amount of $92,397.09 carried on the books and included in the balance sheet of Carter at August 31st, 1949, become payable to or by you and ourselves in proportion to our respective share holdings at August 31st, 1949, prior to the issue of the additional shares of Carter;

(b) when the taxes payable by or refundable to Carter as at August 31st, o949, have been finally determined, any adjustment in the amount thereof as compared to the amount provided on the Company's books and included in the balance sheet at August 31st, 1949, become payable by or to you and ourselves in proportion to our respective share holdings as at August 31st, 1949, prior to the issue of the additional shares of Carter.

If the foregoing proposal meets with your approval, would you kindly so indicate by endorsing a copy of this letter attached hereto, at the place indicated, and return such copy to us, whereupon this letter if so approved by you will constitute an Agreement between us supplemental to the aforementioned Agreement dated as of the 31st of August, 1949.

Yours very truly,

THE SHERWIN-WILLIAMS COMPANY
of Canada, Limited.

Per: [signature]
President and Managing Director.

APPROVED:

Canada Metal Company Limited.

Per: [signature]
President.

APPROVED:

THE CARTER WHITE LEAD COMPANY
of Canada, Limited.