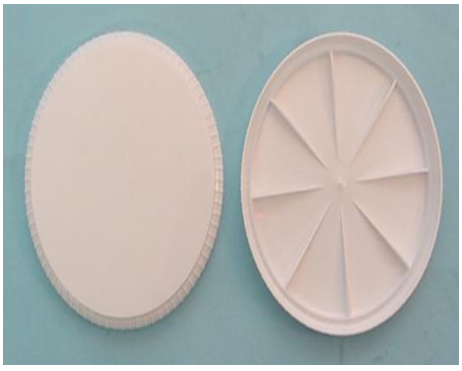
SPECIALTY CONTAINER, INC.

SUPPLIER MANUAL



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SECTION A: PREFACE

1.0 Introduction

The SPECIALTY CONTAINER Supplier Manual (the 'Manual') describes Specialty's method of evaluating, approving, rating, and ranking its Suppliers. This manual outlines the process for initially becoming an Approved Supplier to Specialty and also defines the level of quality and service Specialty requires of its Suppliers. It is intended to be the primary document that communicates our Supply Chain and Quality philosophy to our Suppliers and helps align their business objectives with ours.

The following key items are discussed in detail in this manual:

a). Requirements and procedures for becoming an Approved Specialty Supplier
b). Suppliers' performance expectations
c). Supplier non-conformance issue resolution methodology
d). Change in process/design related methodology
e). Purchasing / commercial issues

The manual consists of two main sections. Section A is generic for all suppliers and should be referred to in all cases.

Injection molders Production Part Suppliers should refer to Section B and the appropriate Appendices for those items specific to production part Suppliers. This section discusses Specialty Container's Supplier Approval Process, Performance Management Process, Advanced Product Quality Planning (APQP) and Production Part Approval Process (PPAP), Supplier Corrective Action Requests, Design and Specification Review, Geometric Dimensions and Tolerance (GD&T) and Special Characteristics.

2.0 Specialty Container Inc's Philosophies

2.1 Mission

Our company is dedicated to providing customized products and stock to meet or exceed our customer's expectations while maintaining the lowest cost, in turn producing a respectable profit for our company.

We do this by:

A. Providing assistance in art design.
B. Testing our product regularly.
C. Maintaining the molds continuously and pro actively.
D. Inspecting our product as it is produced.
E. Offering a variety of product to choose from.
F. Assuring reasonable value for every dollar our customers spend with us.
G. Providing ongoing training for all personnel.
H. Providing creative innovative ideas, designs, and new products for our customers ever changing market needs.

We value our customers and want them to return. It is the only way we can be successful as a business. They know us and like us and, as a result, they have supported us over the years.

The success of any company is based on an attitude of total teamwork by the entire staff. In taking the best possible care of our customers, we will grow and succeed as a company.

2.2 Company Values

The Golden Rule: We all have a right to be treated with respect and dignity and have a responsibility to treat others the same way.

The Decision Test: Every decision we make will be Legal, Ethical, and Credible.

The Six C's: Every day, in pursuit of our goals, we will be Careful, Creative, Caring, Committed, Courageous, and Customer-Focused.

2.3 Communication between Specialty and Suppliers

Specialty Container works with our Suppliers to out source the design and manufacturing of many of our components. We work with our Suppliers in varied degrees of involvement in the component design process; at times Suppliers may be involved early on in the concept design stage whereas in many cases, the Suppliers may be involved only after the design has been finalized. This multi-faceted Supplier involvement approach requires communication at various levels within Specialty and also across Specialty and our Suppliers.

In order to streamline and manage the information flow, we require that all commercial communication (including purchase orders, volumes, cost, lead time etc.) between Specialty and our Suppliers should be through Specialty Container Supply Chain. It is the primary contact in the company and is responsible for disseminating such information to appropriate people within Specialty.

All information related to process and quality should be communicated directly to Specialty Supplier Quality Assurance. Supply Chain will be able to provide the name of the Supplier Quality Assurance representative responsible for a particular Supplier.

In cases where the Suppliers need to communicate directly with other Suppliers such as engineering and design Suppliers, it is recommended that the relevant Supply Chain Representative is informed. The following general rules should be followed:

a.) Email communication- Copy Supply Chain on all communication taking place between the suppliers and other Specialty employees.
b.) Teleconferences- Invite Supply Chain to the teleconferences
c.) Meetings- Invite Supply Chain to any meetings.

2.4 Supply Management Philosophy

Specialty Container's Supplier Management Program will actively and continuously seek out improvements from our Suppliers to enhance Specialty's ability to provide our customers with printed and unprinted plastic containers and closures, product lines up to and including straight wall and tapered cans, while maintaining our leadership in the current product market.

Specialty will remain at the forefront of technology by implementing joint development new ideas and methodologies to the design and manufacture of our products. An ideal Supplier to Specialty will be well managed, financially sound, and technically competent.

Consistent with our stated company values, Specialty will treat all its Suppliers and their representatives fairly and impartially.

Specialty's Supply Chain is responsible for all aspects of procurement, logistics, warehousing, and delivery. Specialty's Supplier Quality Assurance is responsible for the qualification of new Suppliers and re-qualification of existing ones. The choice of Suppliers in any of these areas may be the result of investigation and deliberation amongst various departments within Specialty, but the commitment to purchase rests solely with the appropriate procurement member of Supply Chain.
Financial commitments cannot be made by any other Specialty Container employee.

2.5 Packaging

All products shall be packaged, marked, and otherwise prepared for shipment in a manner which is (a) in accordance with good commercial practice; (b) acceptable to common carriers for shipment at the lowest rate for the particular Suppliers; and (c) adequate to ensure safe arrival of the material.

The supplier shall mark all containers with necessary lifting, handling and shipping information, Supplier name, Specialty's Purchase Order number, complete Specialty Part Number and drawing/specification revision Level, description and quantity of the material , lot number (if applicable), and date of manufacture. In addition, Suppliers shall provide a Certificate of Conformance (COC) and/or Certificate of Analysis (COA) with each shipment as required by the agreed upon specification for the part. Please refer to the applicable drawings/ specifications for packaging details (if available).

2.6 Press Releases

Except as required by applicable law, a governmental authority or regulatory requirements, Suppliers will not issue a press release, grant an interview to the press, or otherwise make a general public announcement, regarding the subject matter of any relationship, agreement, etc., with Specialty without the prior written consent of Specialty. Consent will be granted only under exceptional circumstances.

Suppliers may be required to sign a confidentiality agreement with Specialty as determined by Specialty.

SECTION B: PRODUCTION PART SUPPLIERS

3.0 Specialty Container Supplier Management Program
3.1 Specialty Container Supplier Management Program

The supplier Management Program consists of two main components.

1. The first component is the Approval Process in each of the required functions (Business, Quality, Technical and Environmental). This process is intended to quantify the strength of Suppliers and their ability to keep Specialty competitive.
2. The second component will be the Supplier Performance Management Process (Quality, Delivery, Response, Value / Cost). This process will allow us to monitor the effectiveness of Supplier's management systems and identify continual improvement opportunities.

3.2 Approval Process

A Supplier is considered under evaluation during a period of initial business, quality, technical and environmental review. Typically, no purchase orders are issued during this time, although the Supplier may provide samples for evaluation/testing. A Confidentiality Agreement may be required to be executed in order to permit meaningful technical discussions.

Please refer to Figure 1: Supplier Approval Process.

3.2.1 Supplier Audit

A Supplier Audit (SP-GSA) is the minimum information required for the assessment of a Supplier. This form will be provided by Supply Chain or Supplier Quality Assurance.

It is Specialty's intention to seek Suppliers who excel in quality and on-time delivery, and continue to keep Specialty competitive. A Supplier Audit will be performed to ensure the potential Supplier is a viable company and has the capability to perform as desired by Specialty.

3.2.2 Technical and Quality Assessment

Specialty expects that all Specialty Suppliers shall have a Quality Management System (QMS) in place. Suppliers that do not have a QMS in place are expected to work towards one.

Note: Suppliers that are currently ISO/9000 may not require an on-site audit by Specialty Container. Specialty may simply request specific quality documents be forwarded (i.e. Quality Manual, control plans) as required.

3.2.3 Environmental Assessment

Specialty Container requires that all of its Suppliers comply with all applicable Governmental, Federal State/Provincial and local environmental regulations. Suppliers must also ensure compliance of their products to all applicable laws and regulations. This includes compliance to all environment, health and safety requirements on restricted, toxic and hazardous substances, prior to shipment and delivery of any products, to and from Specialty, that fall into this category.

Suppliers that have successfully completed the assessments described in Sections 3.2.1, 3.2.2 & 3.2.3 are considered Approved Suppliers.

3.2.4 Qualification of Suppliers

Approved Suppliers are rated within 3 categories based on the criticality of product provided to Specialty. Specialty's Supplier Quality Assurance, with inputs from Supply Chain and other functions, assesses the Supplier as acceptable, needs improvement, or unacceptable.

The 3 categories used:

Acceptable-	Supplier scoring =65>
Needs improvement-	Suppliers scoring>32<65
Unacceptable-	Suppliers scoring<32

Depending on the criticality of product, Specialty's Supplier Quality Assurance determines the actions required to qualify a Supplier. These may include:

-On-site SPECIALTY CONTAINER Supplier Audit
-Process/documentation review
-First Article Inspection / Production Part Approval Process (PPAP)

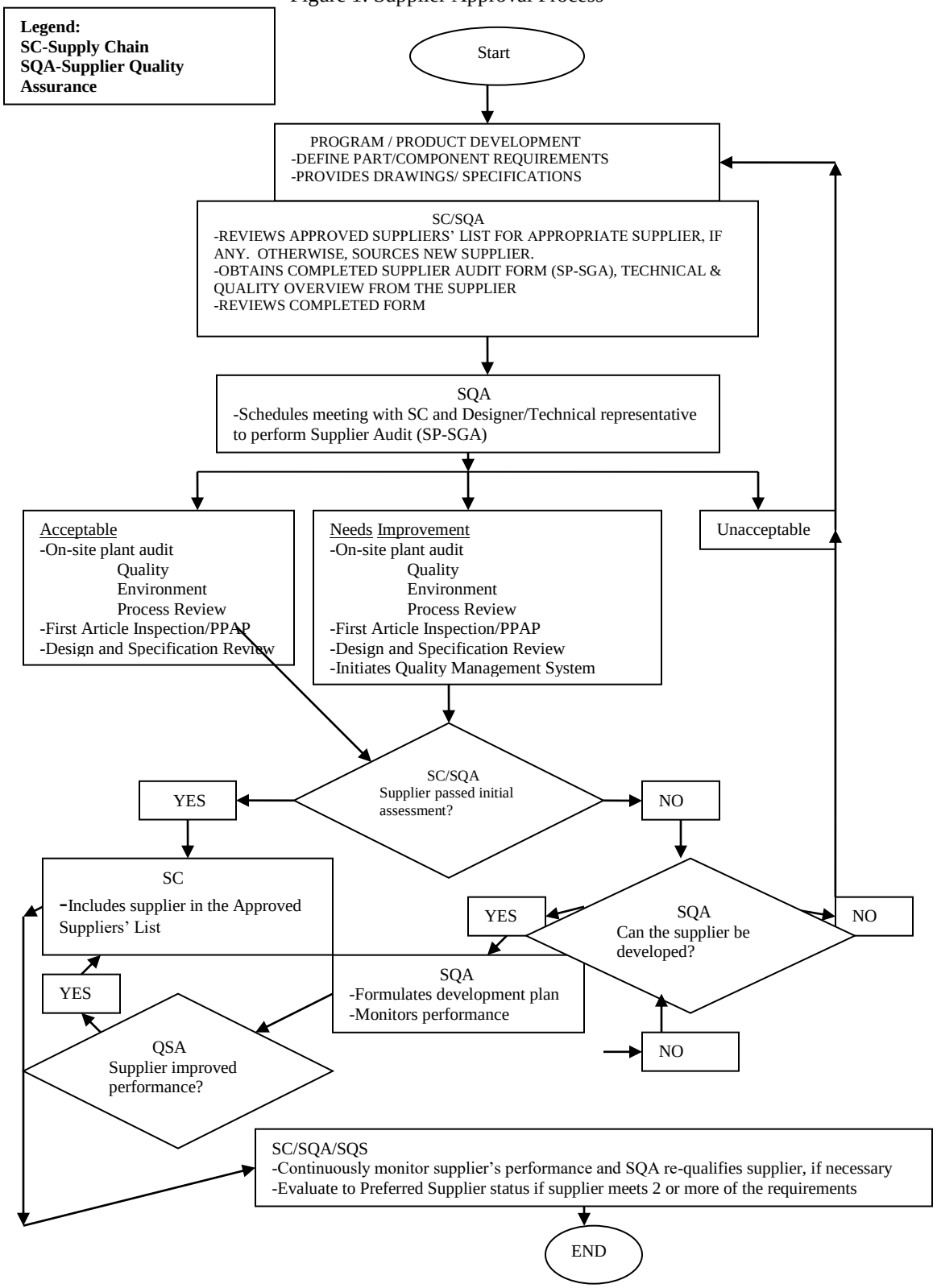
Please see Figure 1 for more details.

Suppliers that have successfully complied with the requirements specified within our acceptable rating are elevated to a Qualified Supplier status.

3.2.5 Preferred Supplier

1. Has a long-term agreement with Specialty Container
2. Supplier Performance = 90% consistently for a period of 12 months *(Please refer to Section 3.3 for the Supplier Performance Index details.)*

Figure 1: Supplier Approval Process



3.3 Supplier Performance Management Process

The Supplier Performance Management Process will evaluate Suppliers in four (4) basic performance areas: Quality, Delivery, Response, and Cost/Value. The first three parameters (Quality, Delivery and Response) are the main metrics used in the calculation of monthly Supplier Performance Index and will be an important tool used to develop a continuously improving supply base. This will be monitored by Company Quality System. Suppliers will be given feedback on their performance by Supply Chain and Supplier Quality Assurance on a regular basis.

Suppliers may be re-evaluated depending upon products supplied, occurrence of major issues/non-conformances or unsatisfactory performance. In this case, the Supplier's rating shall be re-assessed and Supplier Quality Assurance may conduct a re-qualification based on Figure 1 or may perform an on-site Supplier Quality Audit and process/documentation review.

3.3.1 Quality Performance

The Quality of supplied part will be evaluated as:

1. Scrap rate % R-3.3
2. Number of nonconformities

To keep the Approved Supplier status, a Supplier must continually be on an improving trend

3.3.2 Delivery Performance

Delivery Performance is a measure of on-time delivery, premium freight expenses, delivery quantities and documentation of part to Specialty as indicated in the specific Purchase Order. Specialty will monitor the following performance indicators to assess the delivery performance of all Suppliers*:*

1. On-time delivery: Number of shipments that are received on time (0 days late/5 days earlier) as per agreed upon delivery date in our purchase order.
2. Premium Freight Expenses: Extra costs or charges incurred in addition to contracted delivery.
3. Delivery Quantities: Number of shipments with quantities under or over the terms mentioned in the Specialty Container's Purchased Order. A Supplier Corrective Action Request (SCAR) may be issued if the shipments do not conform to the right quantities.
4. Documentation: Includes packing slips, invoices, Certificate of Conformance / Certificate of Analysis, etc. These must be present with each shipment as required by the purchase order. A Supplier Corrective Action may be issued if appropriate documents are missing with any shipment of parts.

3.3.3 Response

Response is a measure of a Supplier's support to Specialty operations, including its promptness in resolving Supplier Corrective Action Requests (SCAR's), complaints, issues and non-conformances.

1. **Number of Supplier Corrective Action Requests (SCAR's) per month**: *The number of new/ unresolved SCAR's will be monitored. More than 5 SCAR's per month will result in the Probation of the Supplier's Approved Status. Response within required time.*
2. **Number of Stop-Shipments Caused by Non-Conformance***: The number of stop shipments caused by non-conformance will be monitored. More than 3 stop shipments per month will result in the Revocation or Probation of a Supplier's Approved Status.*
3. **Customer Support***: This refers to Supplier's willingness to help "Specialty providing prompt and efficient support."*

3.3.4 Cost/Value Performance

Cost/Value Performance will be measured as a trend of yield over the current period versus the previous year. To encourage cost reductions over time, Suppliers will be measured on whether or not the trend is improving. % Yield= (Qty of Good Parts / Total Qty) x 100

4.0 Advanced Product Quality Planning and Part Approval Process

Note: The following applies to Plastic, Colorant, UV Inks, UV bulbs, Blankets, Blanket wash and Molding Suppliers: Specialty Container may ask other Suppliers to comply with these requirements on a case-to-case basis.

4.1 Product Development Cycle

It is Specialty's intent to involve Suppliers in the product planning cycle as early as possible. There may, however, be unique requirements related to the confidential and competitive stage of our business. It will be the intent of Specialty to clearly identify product specifications and product development cycle milestones from early prototype stages through to job 1 dates for each program.

Where possible, it is preferred that Suppliers have quality and rapid prototyping capabilities that are representative of the intended production processes. Specialty will choose to work with Suppliers who are capable of supporting a comprehensive prototype plan through the development cycle and to the ultimate supply of production volumes.

4.2 Production Part Approval (PPAP)

To ensure quality launches of production product and verify manufacturability of part designs prior to release onto production, Suppliers may be required to adhere to the Production Part Approval Process (PPAP).

Production Parts to be manufactured at the production site using production tooling & gauging, processes, materials, trained operators, environment and process controls. Supplier part may require initial approval prior to confirmation prototype build.

Unless otherwise stated on the Specialty Container Purchase Order, the default requirement will be set in the Micrometer form. No product or process changes are to be completed without written approval from Specialty via a Supplier Request-Process/Product Change Approval Form. Unless otherwise agreed upon with Specialty, the test and dimensional samples included in the load should be chosen at the beginning of each shift.

Specifications that are identified as 'critical', 'safety', 'key', or 'significant' and can be evaluated using variable data. This data should be included with the parts set up. The ongoing requirement for these specifications is to maintain a Check every hour. Specialty may audit recent control charts and process capabilities.

If a Supplier cannot achieve capability by the required date, a corrective action plan must be forwarded to Specialty with the new promise dates. If specialty agrees to the action plan submitted, a deviation will be issued to authorize the use of parts prior to completion. All parts built under the deviation must be clearly identified with the deviation number in a manner agreed upon with Specialty.

5.0 Supplier Corrective Action Process

A supplier Corrective Action Request (SCAR) will be issued to a Supplier upon the identification of suspected nonconforming material or a production stoppage at Specialty resulting from any Supplier-related cause (i.e. late delivery, missed change incorporation dates, etc.). Each Supplier must supply Specialty with primary and backup contact information, including E-mail address and/or fax number for receiving SCAR's. The fax and E-mail locations must be monitored regularly throughout the business day (Mon-Fri). The SCAR will include a copy of the Nonconforming report and Corrective Action Request Form. All SCAR related communication should take place between the Specialty Supplier Quality Assurance and the Supplier representative.

Upon receipt of a SCAR for a non-conforming material, a Supplier is required to react immediately with the following:

1. Verify concern on-site and initiate immediate containment/quarantine of all suspect material.
2. Review all quality and/or manufacturing records related to the production of the suspect material.
3. Respond to Specialty Supplier Quality Assurance within 24 hrs of receiving notification with preliminary investigation results.
4. Initiate corrective/preventative action analysis. Structured problem solving investigation should be conducted using a team approach. Investigation results can be forwarded to Specialty in Supplier's format but must include the following: problem description, root cause, immediate containment action, corrective/preventative actions and verification data. The results will be reviewed with Specialty Supplier Quality Assurance within the timeline agreed upon between Specialty and the Supplier. (Note: Permanent corrective action implementation dates must be identified.)

Questions related to the SCAR requirements and structured problem solving may be directed to Specialty's Supplier Quality Assurance identified on the SCAR.

6.0 Design and Specification Review

Before accepting an order on new parts/ components (including revision updates), a Supplier will be required to submit a completed Supplier Specification Review. The objective of this process is to involve Suppliers in a formal review of the part drawing/ specifications. The Supplier is required to assess the parts for manufacturability and sign off on the specifications to signify acceptance. The Supplier will discuss the competed form with Specialty Supplier Quality Assurance and resolve any issues before proceeding further.

7.0 Geometric Dimensioning and Tolerance (GD & T)

Suppliers of Specialty Container parts are required (if applicable) to have the knowledge and understanding on how to use GD & T in the manufacture and inspection of parts.

8.0 Special Characteristics

Specialty identifies special characteristics (significant or critical) on its documents (specifications, drawings, control plan, etc.). Significant characteristics are identified on all Micrometer Forms, inspection form QC-108 and form R-2.2.

For Specialty documents with signification/critical characteristics (specifications, control plan, etc.), Suppliers are required to manage these characteristics by reporting product/process Capability and submitting dimensions/test results for each shipment. A control plan should also be in place to ensure that

such special characteristics are met. This requirement does not affect Supplier's responsibility to ensure that other product/ process characteristics are satisfied.

1. Record data from testing on form: SC-A01 MOLDING AUDITING REPORT
2. To produce parts to specifications per forms: QC-MXX MICROMETERS
3. QC-107 CONCENTRATE LET DOWN RATES
4. Inspect parts and Train operators per forms: QC-105 COLOR CHECK and QC-108 OPERATORS INSPECTION
5. Measure parts per form: QC-114 MICROMETER PROCEDURE OR PER SPECIAL INSTRUCTION ON QC-MXX FORMS
6. Record data on QC-MXX MICROMETER READINGS
7. MOLDING PRODUCTION REPORT (Must be able to provide for analysis)
8. SCM-100 END OF RUN REPORT
9. Box and ship per form R.2.2 CARTON INFORMATION
10. Allowed Deviations:
11. 3 units per 1000 units
12. Deviation:
13. REJECT QC 400 Reject form & Issue SCAR (Supplier Corrective Action Request)

ACKNOWLEDGMENT

I hereby acknowledge receipt of the Supplier Manual. I realize that I am responsible for reading, understanding, and complying with its contents. I further acknowledge that this Manual supersedes and replaces any inconsistent policies or practices and all prior manuals. I also understand that it is the intent of the Manual to give me some idea as to the policies, which apply to us. I realize that policies and procedures regarding these changes will be available from Specialty Container. Finally I recognize that no representative of the Company, other than the Director of Operations, has the authority to enter into an express or implied contract. This Manual remains the property of Specialty Container.