



ShepherdReport

VOLUME #1

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Message From Mark Shepherd

It is hard to believe that this is the fourth issue of the Shepherd Newsletter and I'm happy to report, the response has been excellent. At Shepherd we believe that it is important to foster open relationships with customers, vendors, employees, and alliances. That is the intent of this newsletter - to keep you informed about Shepherd and the opportunities created for customers with our thermoforming technology. For a more in-depth understanding of thermoforming, attend a complimentary Shepherd seminar. The initial seminar was launched in October 2005 with great success. Our next scheduled presentation is February 22, 2006.

As most of you are aware, Shepherd Plastics and Shepherd Thermoforming & Packaging have amalgamated. This has consumed much of my time in the past 5 months, but has made our entire system much easier to manage. It has also opened some unique opportunities for Shepherd to share and interchange employee's technical skills with the resultant gain in operating efficiencies.

We have been advised by one of our leading material suppliers that "the situation in the Gulf posed great barriers to our raw material supply and price. Since the beginning of September the results of the three major hurricanes that pounded the Gulf Coast region of the United

States has had an immediate and widespread impact on both the supply chain management of most resins as well as commodity pricing of these raw materials. Basically, no resin was left unscathed. Many of the major resin suppliers declared Forced Majeure and began to implement resin allocation measures. We are still operating under these conditions today. PVC, PET, PS & PP resins saw increases in the area of 15 to 25% whether directly to the purchase price or in the form of a resin surcharge. We are starting to see some reduction in surcharge amounts in PET & PETG. However, we have yet to see a reduction in the price per pound on any of these resins". We will keep you updated on the supply situation through this newsletter. (continues on page #2)



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The Shepherd Engineering Group - Our Unique Selling Proposition

In the business of marketing a product or service, companies will look for a "unique selling proposition". In effect they carefully examine their total operation to determine where they are definitely industry leaders.

Although we are proud of all facets of our business, the area that jumps out as a big step ahead of the industry is our technical engineering group. It is literally our "unique selling proposition" in that it is so closely tied-in with our sales efforts. The sales group are the front-line warriors in searching out customer challenges that might be answered with thermoforming technology, and Shepherd's technical group team up with sales to create the solution. It's all a win/win for clients when Todd Shepherd and Adam Halkowicz set their respective groups in motion to come up with the right solution at the right time. To prove it works, they have many industry design awards to their credit.

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The Anatomy of a Perfect Heavy Gauge Part

Two of the compelling benefits for customers are the accuracy and economy of thermoformed parts versus alternative processes. The three-step process that follows may look simple enough, but complex parts with intricate angles (like those used in the automotive industry for example), require 100% precision at every step of

the operation. Shepherd's technical group take maximum care with every assignment so that it isn't necessary to "go back to the drawing board" for adjustments. The following photos and descriptive copy show the three stages in the development of the perfectly formed heavy gauge thermoformed part.

Wood Pattern

Using a data file from a CAD drawing of the part, a wood pattern is cut on a CNC machine centre. This pattern is then coated with heat resistant lacquer and used to form up to 3 samples. Once the samples are approved this pattern is then sent to the foundry where a sand cast is made and from that an aluminum mold is cast.



Aluminum Casting

The aluminum casting that comes from the foundry usually requires some machining to add detail, provide venting and to clean up the surfaces. Also there will be water lines to be fitted for temperature control. This mold is then mounted onto a vacuum box which is fitted with vacuum and water line connections. It is now ready for production of good parts.



A Finished Part

Production of a high quality thermoformed part with good material distribution and part detail depends largely on the tooling. A poorly designed CAD file or a mold that lacks the proper venting or cooling will not produce a quality part.



Message From Mark Shepherd (continued)

It is stated that training for, and running a marathon, is 90% mental and 10% physical. I know from personal experience that this is true. The hardest part of training is motivating yourself to get off of the couch, put on your shoes and get out the door (almost every day for about 18 weeks). Once the running starts, it is pretty routine and does get easier. When running a marathon or any long run you reach a point where your legs and body are just begging to quit. That is when the major mental part kicks in and you push through the exhaustion.

I often reflect on the mental aspect of running and how it relates to a good work ethic in general. This "good work ethic" is widespread at Shepherd and greatly benefits both our employees and our customers. A prime example is our engineering department. Shepherd's edge over competitors is our first class engineering team lead by Todd Shepherd and Adam Halkowicz. This award winning group is always ready to take on your toughest thermoforming challenges and come up with cost effective solutions.

I am also happy to report that our "bench strength" has been deepened considerably in customer service and materials management with the return to work of two of our key employees, Cindy Ferguson and Brenda Silveira. In the plant, Pradeep and Toor are back and adding to our manufacturing expertise.

There is a lot in this issue that you will find informative and beneficial including a great story on our contribution to the Halifax Bomber re-assembly. You can contact me at mark@shepherd.ca if you have any questions.

Mark Shepherd
V.P. Finance & Administration



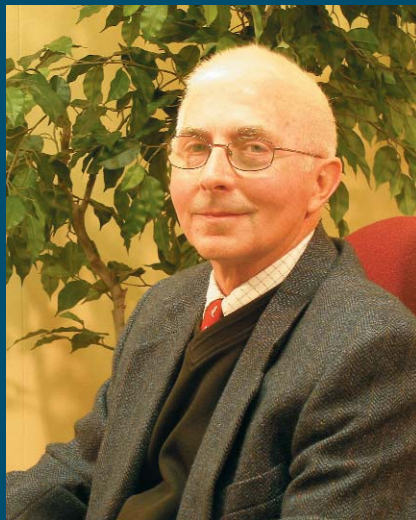
Meet Bob Barker

No, not the Bob Barker of “The Price is Right” fame, but the Bob Barker of Shepherd Thermoforming fame. Bob has been a long time representative for Shepherd and we are pleased to bring him up front and centre in this report.

Bob started life in Montreal, and attended Sir George Williams University (now Concordia). Armed with his training as a chemistry major, Bob Barker spent his early working years in the labs of B.A. Oil and Diversey Canada with a focus on research. His career path took him to Cobourg, Ontario where he worked as Plant Engineer for Curtis Products - a manufacturer of office furniture. It’s where he also got the selling bug while exploring first-hand, customer’s specific requirements for furniture.

Probably most significant of all was Bob’s move into entrepreneurship, joining an associate to form International Vac-Pac Inc., a company specializing in contract packaging and vacuum forming. It was this background and some customers in common that connected Bob to Shepherd - and the rest, as they say, is history.

Bob calls himself semi-retired these days, which gives him time to pursue two recreational passions - a new found interest in golf (he is a Marshall



at his club), and flying radio controlled aircraft. This is serious stuff, with every type of aircraft represented from World War I and II prop jobs to actual jets. Bob’s interest is in antique aircraft and the famous “War Birds” of aviation history. He was also instrumental in coordinating the Halifax Bomber project, where Shepherd manufactured the nose cone from heavy gauge PETG (see the Halifax Bomber story on the back page).

Bob also lists “travel” as part of his list of spare time endeavours, and likes to add to his collection of “how to” books. He and his wife live in Brighton, Ontario. They have three daughters and a grandson and granddaughter.

Nothing Happens Until Somebody Sells Something

It may seem obvious, but the first rule of business is that no matter how great a product or service you have, it’s useless until somebody sells something. That requires three things initially - a salesperson, a product or service and a customer. Then comes price...the timing...the need for the product...the competition...the service or promise of performance...and your attitude toward your product and your customer. Although price is important, it is not the key to all sales. The need for the product, its availability and your attitude toward the customer is. Most customers have a good idea of whether the price is right and certainly will know if your product or service will save money over an existing product or service they are using. So it really comes down to product need, timing and the credibility of your company to deliver what you say you will. The most important first step however, is to send a “flesh and blood salesperson” that the customer can relate to, and on whom they can count to maintain a solid business relationship. It’s that relationship that will “save your bacon” if something goes wrong or conversely, “hang you out to dry” if the communication isn’t there. And remember - it all starts with that initial sales contact!

From the Funny Bone

A juggler, driving to his next performance is stopped by police. **“What are all these matches and lighter fluid doing in your car?”** asks the cop.

“I’m a juggler and I juggle flaming torches in my act”

“Oh yeah?” says the doubtful cop. **“Let’s see you do it.”** The juggler gets out and starts juggling the blazing torches masterfully.

A couple driving by slows down to watch. **“Wow”**, says the driver to his wife, **“I’m glad I quit drinking. Look at the test they’re giving now!”**

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Shepherd Manufactures New Nose Cone for Halifax Bomber



After some very frustrating and time consuming attempts to have other thermoforming companies help them, the volunteers working on the restoration of the WW2 Halifax Bomber came to Shepherd to produce the 4 sections of the nose canopy. The plane was unveiled at the Royal Canadian Air Force Museum in Trenton, Ontario on November 5th after 10 years of work by mostly volunteers to restore it after it was raised from a lake in Norway in 1995.

With only a few weeks to go before the official unveiling, Keith Jennings of the restoration team was told about Shepherd and our capabilities for forming all kinds of materials. Because the tooling that they had built was not suitable for forming the Acrylic material that they had

requested and the timing available did not permit them to start over, we suggested that they go with a heavy gauge PETG. Even though this material did not exist when this plane was originally built in 1944, they agreed that our solution was the only viable option.

Four molds were brought into our shop. We secured them to vacuum bases and mounted them one by one on one of our large sheet fed machines. It was imperative that we avoid air bubbles and maintain maximum clarity to duplicate the original look of the aircraft nose cone. The PETG worked perfectly and each section was trimmed, mounted into the frame and

secured into the aircraft in time for the ceremony.

We are extremely proud to have been given the opportunity to help out with this project and, like many Canadians, are looking forward to visiting the museum for a first hand look at the plane. It was shot down by German anti-aircraft fire on April 23rd of 1945, killing all but one of the 6 crew members. Barry Shepherd was born in January of 1945 near London, England and has great admiration for the war effort during that time when these planes were being built at a rate of 1 per hour from 4 assembly plants in the UK. Over 6,000 Halifax Bombers were produced in total.



Response Corner

Can we be of help? Do you have a question about our technology or policies or require a quotation? If you do, please send your request to Todd Shepherd, Vice President of Sales, e-mail todd@shepherd.ca and you will get a prompt response.

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