



November 1, 2010

To members of Product Care BC and SK Paint programs

Notice of Eco-fee increase effective February 1, 2011 for BC and SK Paint programs

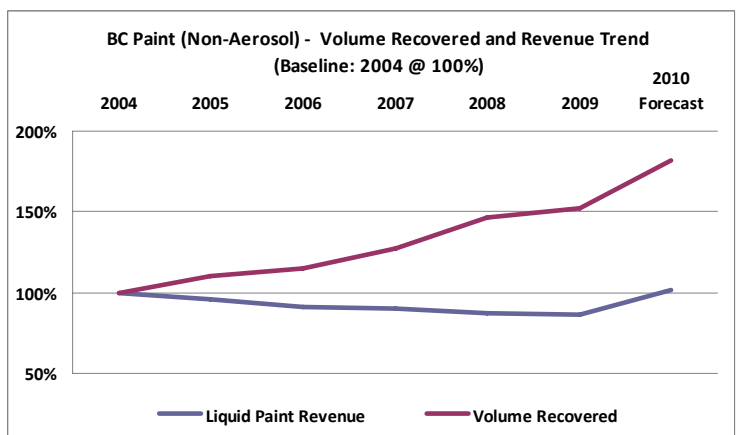
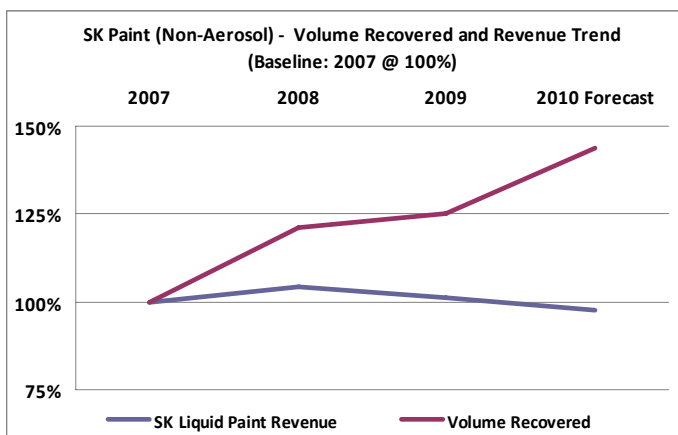
The eco-fees for the 1 gallon and 5 gallon container sizes of the paint category of the Product Care Programs in British Columbia and Saskatchewan will be changed effective February 1, 2011 as follows:

Container size/ type	BC Paint Eco-Fees effective February 1, 2011			SK Paint Eco-Fees effective February 1, 2011		
	New Fee per unit (\$)	Old Fee per unit (\$)	Change	New Fee per unit (\$)	Old Fee per unit (\$)	Change
100 ml to 250 ml	0.20	0.20	-	0.10	0.10	-
251 ml to 1 litre	0.25	0.25	-	0.25	0.25	-
1.01L to 5L	0.60	0.50	0.10	0.60	0.40	0.20
5.01L to 23L	1.50	1.25	0.25	1.50	1.00	0.50
Aerosol paint	0.25	0.25	-	0.10	0.10	-

In the case of both programs, sale of non-aerosol paint (and related revenue) have declined since 2007, but the rate of return of leftover paint continues to increase resulting in deficits.

BC Paint Program - With the downturn in the economy in 2008, new paint sales (and program revenue) dropped significantly. In 2008, BC program operating expenses exceeded revenue by about \$500,000. Product Care increased paint fees effective August 1, 2009 (see “old fees” above). Despite that increase, in 2009 revenue declined again, while recovery volumes increased, and a further loss of about \$500,000 was experienced. Our 2010 forecast currently indicates a loss of about \$50,000, and (at current rates) a loss of over \$400,000 is budgeted for 2011. Prior year losses have been covered by reserves.

Saskatchewan paint program - This program began operations April 1, 2006. In the early years the program generated a surplus, but with increasing volumes of returned paint, and declining revenue, the program is forecasting a deficit of \$56,000 in 2010 and, at current eco fee rates, a deficit of \$223,000 is budgeted for 2011.



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