ANNUAL REPORT

2010

CARE
REuse
REcycle
REnew
CARE 2010 Leaders

**Sustainability Leaders**
- Aquafil USA
- Beaulieu of America
- Interface FLOR Commercial
- J&J / Invision
- Milliken
- Mohawk Industries
- Shaw Industries
- Tandus Flooring, Inc.
- Universal Fibers

**Friend of CARE**
- Fiber-Loop

Fiber-Loop
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Mission Statement

The mission of CARE is to facilitate the carpet industry-led initiative to find market-driven solutions to the diversion of post-consumer carpet from landfills, and to meet the time sensitive goals of the Memorandum of Understanding (MOU) for Carpet Stewardship.

Vision

To bring value to the emerging post-consumer carpet recycling industry through reuse, recycling into carpet and non-carpet products, and other diversion technologies

Core Values

• Facilitate Market-Driven Solutions
• Conserve resources
• Foster entrepreneurship
• Prioritize opportunities in accordance with the value pyramid
• Maintain an open process
• Establish and foster a collaborative environment
• Ensure multi-stakeholder involvement
• Operate with the highest integrity
The Carpet America Recovery Effort (CARE) thanks its membership for their continued support, without which we would not be able to operate and fulfill our mission to divert carpet from the landfill.

**CARE- Membership that makes a sustainable difference**

1-800-Pack-Rat
A-1 Planet
A&E Flooring
Acierno-Boyer & Company
Again
AIC Contracting Inc.
Allegheny Contract Flooring
Applied Floor Service
Applied Thermoplastic Resources
Aquafil USA
Architectural Flooring Resource
Architectural Floors, Inc.
Asahi Kasei Plastics
Atkinson Carpet Installation Co., Inc.
Atlas Carpet Mills
Barnet Polymers
Bentley Prince Street
B.T. Mancini Co., Inc.
Baer's Rug & Linoleum Co., Inc.
Beaulieu Group LLC.
Blueridge Commercial Carpets
Blueridge Carpet Recycling
Bluewater Environmental Services
Bently Prince St.
Bonitz Flooring Group
Borgata Truuv;omh
Bro-Tex Co.
Broadway Carpets
Brock Contract Services
Burton Floor Covering Inc.
Business Flooring Specialists
Carpet & Rug Institute
Carpet Club
Carpet Decorators
Carpet Plus
Carpetrecycling.com, Inc.
Carpet Resources
Cavalier Carpet Industries
Cedar Ridge Innovations
Century Carpet Company
CB Flooring, LLC
CCA Global
Cedar Ridge Innovations
Century Floor Space (Custer)
Certified Floorcovering Services
CFI Flooring Systems
Chempolymer
Cherry Carpet and Flooring
Classique Floors
Clayton Miller
CI Select Flooring Solutions
City Floors
Classique Floors
Columbia Recycling
Commercial Flooring Company
Commercial Flooring Concepts
Commercial Flooring Services
Commercial Flooring Services, Inc.
Commercial Flooring Systems
Commercial Flooring Systems of PA
Commercial Interior Resources
Commercial Surfaces Inc.
Commonwealth Floors, Inc.
Commonwealth Interiors
Comtek Interiors, LLC
Consolidated Carpet
Consolidated Flooring Service
Continental Interiors
Corporacion HRC SA DE CV
Corporate Floors, Inc.
Covington Flooring Company
Craft Croswell
Cycletex, Inc.
Cynthia Ayres & Company
D&R Carpet Services
Dalton-Whitfield SWMA
Delta Distribution
Designs by Mares
DFS Flooring
Dixie Contract Carpets
Dobbs Mills
Duffy & Lee
Dynamic Commercial Flooring
Eastman Chemical Company
Exhibitors Carpet Service
Facility Services Group
FDC Contract
Feasterville Floor
Fiber-Loop
Fiberon Decking
Floor Factors
Floor Partners in Desing
Floor Solutions LLC
Floorcovering Consultants Group
Floorcraft Floor Covering
Flooring Associates
Flooring Resources Corp
Flooring Services Inc.
Flooring Systems, Inc.
Flooring Gallery (SSC)
Floors & More, Inc.
Floors and More, Inc
Floors, Inc.
Fluosource
Floorz, Inc.
Forbo Flooring Systems
Franklin Flooring
Franklin Floors
Frasor/Gold Carpets
Frasor/Gold Carpets
Freudenberg Spunweb Co.
Full Circle Flooring
G & W Commercial Flooring
George's Carpet One
Godfrey Hurst USA, Inc.
Golden State Carpet Service, Inc.
Grand Central Flooring
Granutech Saturn
Great Floors, LLC
Harrisburg Carpet Recycling
Harry L. Murphy, Inc.
Heritage Contract Flooring
Hom Solutions
HOM Solutions, Inc.
House of Color, Inc.
Image Flooring
Independent Contract Flooring
Independent Flooring Corporation
Interface FLOR Commercial
Interior Surface Enterprises
Intertech Flooring (W.E. Imhoff)
INVISTA
J & C Carpet
J & J Industries
JJ Interiors
J-G Carpet & Drapery Company
Johnson Floor Company
JW Floor Covering
KBM Commercial Floor Coverings
King & Company
Krause Carpet Mills
Krusue Carpet Recycling
KV Flooring
Landmark Flooring Concepts
Langhorne Carpet Company, Inc.
Lane’s Floor Coverings and Interiors
Legacy Commercial Flooring
Leigh Fiber
Lexmark Carpet Mills
Lippert Tile Company
Lofty’s Textile Waste, Inc.
Long Island Carpet Recycling
Los Angeles Fiber
LVR Carpet Center
M&M Floor Covering, Inc.
M.E. Sabosik Associates
Majestic Floors
Malvern Contract Interiors, LLC
Manning Mills, Inc.
Marathon Commercial Flooring
McCoy Floor Covering
McCoy Inc.
Modular Carpet Recycling
Merrimac Tile
Messina Floor Covering
Metropolitan Contract Carpets
Michigan Tile & Carpet
Midwest Floor Covering, Inc.
Milliken & Company
Modular Designs
Moda LLC
Mohawk Industries
National Décor
Natural Transitions, Inc.
NBS
New England Floor Covering
New York Commercial Flooring
Noland Sales Corporation
Northeast Recycling Council
Northwest Carpets, Inc.
NSF International
Nylolboard
OEC Business Interiors
Owen M. Bastian, Inc.
Paul G. White Tile Company
Paved Recycling, Inc.
PCI FlorTech, Inc.
Perry Lin Consulting
Philbin Brothers
Pierce Flooring & Design
Polar Materials
Poly-Beek Kunststoffe GmbH
Polymer Center of Excellence
Potomac Floor Covering
Premier Contract Carpet
Prestige Floors
Proffesional Diversigied Flooring
Progressive Flooring Services
Pyramid Floor Covering
Pyroflex International
Ravago Manufacturing Americas
RCC Flooring, LLC
R.D. Weis Companies
Recovery 1, Inc.
Renegade Flooring
ReSource Commercial Flooring
Re:Source Floors, Inc.
Re:Source
Resource 4 Floors
Resource Arizona
Resource Flooring and Maintenance, Inc.
Resource Flooring Group LP
ReSource New Jersey
Resource Washington
River City Flooring
Rockford Business Interiors
Rocky Mountain Recycling
Roya Manufacturing Supply Canada, Inc.
Royalty Carpet Mills
Rubenstien’s Contract Carpets, LLC
Ruggieri Flooring
Sands Commercial Floor Coverings
Schles Floor Covering, Inc
Schumacher Tile & Stone
SCS Flooring Systems Inc.
SCS Flooring Systems
Sellers Engineers Ltd.
Sergenian’s Floor Coverings
Service Master by Ameristeam
Shaw Industries
Shehadi Commercial Flooring
Sherland & Farrington, Inc.
Shock Brothers Floor Covering
SMS/Frank Endrenyi
Solidus Inc.
Solidus Inc.-Stamford, CT
Southeastern Commercial Flooring
Southeastern Plastics Recovery, Inc.
Southeastern Recycling
Soundtone Floors, Inc.
Squarecare
Star Lumber & Supply Company
Starnet Worldwide Commercial Flooring Partnership
Strahm
Sun Interiors, Inc.
Sustainable Material Solutions
Southern Waste Information eXhange, Inc.
Synergy Holdings
Tai Ping Carpets
Tandus Flooring, Inc.
Target Commercial Interiors
Texan Floor Service
Texas Carpet Recycling
Textile Rubber & Chemical Company
The Carpet Recyclers
The Floor Show
The Works Floor & Wall
Thermo Fisher Scientific
Tony Prince Company
Tri-State Carpet, Inc.
Union Floor Covering
Unique Carpets Ltd.
Unit Design, Inc.
Universal Flooring Systems
Universal Fibers
Universal Textile Technologies
United States Environmental Protection Agency
Vecoplan
Vector Concepts
Vortex Commercial Flooring
W.C. Carpenter
Walker’s Carpets & Interiors
Wall 2 Wall Floorcoverings
Wellman Plastics Recycling
Welker Brothers
Westboro Flooring & Décor Inc
Western Commercial Flooring Systems
World Floor Covering Association
Workplace Services Inc.
Wm Hawkings/Barnet & Son
Dear CARE Members

We have just completed our ninth year of the current ten-year Memorandum of Understanding. As I look back, I am amazed at the progress made and enthusiasm shown for CARE’s cause. With this year’s report, we will be closing in on two billion pounds of post-consumer carpet being diverted from our nation’s landfills. We have come a long way towards making CARE a national program. In 2002, we had five firms in the business of diverting and recycling post-consumer carpet. Now we have 98 and growing. I expect the one-hundredth site will be posted to the map on CARE’s website sometime later this year. However, with all the progress, CARE still has a tremendous amount of work to do. We are heavily engaged in the next MOU for Carpet Stewardship, which will become effective in 2012. The current plans are for this MOU to be a 12-year MOU with three four-year check points. At each check point, we will evaluate our progress and set appropriate targets based on market conditions.

While the previous nine years have been an impressive journey, I suspect the next 13 will surpass our expectations and find us well on the way to developing the best and most economical solutions for recycling post-consumer carpet. CARE is doing things now that I didn’t think were possible when we started in 2002. No one thought shearing carpet could be economically feasible - now we have several members who are really making a difference with shearing. Our move to become more engaged with the plastics market is paying dividends. For the first time, we are now recycling more post-consumer carpet into the plastic resins market. This is a market we expect to continue to grow. What makes all this impressive is the fact that we are doing this in such tough economic times. While the carpet industry is no longer in a decline, it is far from where it was in 2005 and 2006. It is a real credit to the entrepreneurs, who are the backbone of CARE, that we continue to make progress.

The CARE team of Georgina Sikorski and Jeremy Stroop is doing a fantastic job of keeping CARE moving forward. They coordinate all of CARE’s varied activities, from the MOU discussion, to the implementation of the California Carpet Stewardship legislation, to the handling of the day-to-day activities of CARE. A special mention needs to go to Jeremy Stroop for this year’s annual conference. As always, Jeremy has found an exciting place to meet – and one that also embodies the mission of CARE. The Omni Amelia Island Plantation Resort is a first-class venue and it is green. Everyone needs to give Jeremy an “at-a-boy” for all the hard work he has put into making this year’s conference another success for CARE.

I am excited about the future of CARE; the direction in which it is heading and how the economic improvement we expect over the next few years will make it easier to find solutions to recycling post-consumer carpet. We need to keep in mind that we are looking for market-based solutions to the issues we face. We fully understand the need to find ways to incentivize the growth, and the California Carpet Stewardship legislation is an avenue we will be evaluating over the next couple of years to determine its viability for expansion.

I would like to end by praising the members of the CARE Board of Directors. They represent you well. They are a dedicated group who work tirelessly to facilitate the mission of CARE. I would be remiss if I didn’t point out the support CARE receives from CRI staff. Bethany Richmond is invaluable in our marketing efforts, Susan Newberry is the accounting and logistics backbone of CARE and Linda Harrington continues to assist with the administrative end of CARE.

Thanks to each and every one of you for being involved with CARE. I appreciate all of your efforts. Enjoy this year’s conference.

Sincerely,

Frank Hurd
Chairman, CARE
Dear CARE members,

Thank you for an excellent year in 2010. Because of your hard work, 338 million pounds of post-consumer carpet were diverted from landfills across the United States, and 271 million pounds of post-consumer carpet were recycled. This achievement continued our overall year-over-year growth in post-consumer carpet diversion and recycling.

CARE ended the financial year in the black, thanks to the financial support of existing and new CARE members, the hard work of Frank Hurd and the CARE Board of Directors, and Jeremy Stroop’s tireless management of the CARE operations. Thanks to all of you. I invite those who are interested in joining CARE to go to the CARE website for more information on membership.

2010 was a notable year for the CARE organization. We continue to see growth in the industry, both in the number of businesses engaged in carpet recycling across the United States, and in the diversity of uses for post-consumer carpet in a wide range of products. From Ford Motor Company to Yellowstone National Park, people are getting on board the carpet recycling train, and we are thankful for the levels of enthusiasm and commitment we see from our members every day.

With the ongoing MOU 2012 negotiations, we are optimistic that we will have further goals and challenges to achieve over the next 12-plus years. We thank all of the stakeholders who have spent time negotiating an agreement that will ultimately increase the market-based solutions for the reuse and recycling of post-consumer carpet, as well as create more business and employment opportunities in the United States over the next decade.

The introduction of the first product stewardship legislation for carpet in the United States, introduced in California, opened up new opportunities for CARE as the designated carpet stewardship organization. To date, the teams are hard at work preparing for the July 1 implementation of the Carpet Stewardship Assessment, and the September 30 deadline for submitting the Stewardship Plan to CalRecycle.

Thanks to all of you for a very eventful 2010, and I look forward to even more success in 2012.

Together, we are making a sustainable difference,

Georgina W Sikorski
Executive Director, CARE
KEY RESULTS FOR CARE IN 2010

CARE Financial Report, 2010 (see appendix 2)

CARE ended the fiscal year with revenues of $19,895 after expenses.

Balance Sheet

- Total Assets at end of December, 2010 were $228,310, an increase of $8,635 (+3.9%) versus December, 2009
- End of the Year CARE Dues Receivable were $15,150
- Members’ equity increased by $19,895 (+9.8%) versus 2009.

Income Statement

- Revenues for 2010 were $493,349, a decrease of ($10,807) (-2.1%) versus 2009. The primary reason for this was a one time extraordinary increase in dues for 2009.
- Expenses for 2010 were $473,454, an increase of $2,151 (+0.5%) versus 2009.
  - Salaries/Consulting Fees decreased by (-3.4%), due to consulting agreements ending in 2009.
  - Travel Expenses were $32,103 or +$2,103 (+7%) versus budget for 2010.
  - MOU Expenses were $52,706, or +$7,706 (+17%) versus budget.
- Revenues above Expenses for 2010 were $19,895.
- Bottom Line: CARE operated within a very conservative 2010 budget.

CARE Diversion and Recycling Results

- In 2010, CARE members increased diversion of carpet from the landfill to 338 Million lbs., an increase of 27 Million lbs. or +9% versus 2009. This is a significant increase over the prior year and continues the year-over-year trend of increases achieved by the carpet recycling industry. The diversion rate reached 5.6% in 2010.
- 271 Million lbs. of carpet were recycled in 2010, an increase of 25 Million lbs., or +10% versus 2009. The recycle rate was 4.5% in 2010. The amount of carpet recycled in 2010 is the equivalent to not burning 2.3 Million barrels of oil, and reducing greenhouse gas emissions by 265,000 MTCE.
- Since its inception in 2002, CARE members have diverted over 2 Billion lbs. of post-consumer carpet in the United States.

Key Programs - MOU 2012

In April, 2010, stakeholders of the MOU for Carpet Stewardship met to begin negotiations for a new MOU, as prescribed in the 2002 MOU. CARE is an active participant in the MOU process, and it is expected that the 2012 MOU will be ready for signature before the deadline of October 1, 2012.
Key Programs - AB 2398

AB 2398 Carpet Stewardship for California was signed into law on September 30, 2010. Beginning July 1, 2011, all carpet sold or shipped into California must include a $0.05/square yard California Carpet Stewardship Assessment on all invoices throughout the value chain. The assessment will be used to increase:

- recyclability of carpets (the ability of a carpet to be recycled),
- market growth of secondary products made from post-consumer carpet,
- reuse of post-consumer carpet,
- recycling of post-consumer carpet,
- diverting post-consumer carpets from landfills

CARE has been designated by AB 2398 as the Carpet Stewardship Organization for the carpet industry; CARE is initially set to maintain that role until April 2015. CARE is responsible for submitting a Stewardship Plan to CalRecycle which must be finalized by March 31, 2012, in order to be in compliance. For more information about CARE and AB 2398, please go to www.carpetrecovery.org/AB2398.php.

CARE 2010 ANNUAL SURVEY RESULTS

Each year, as required by the CARE Bylaws, CARE prepares an Annual Survey to report on carpet diversion and recycling results achieved by the respondents to the Annual Survey. All information from respondents is confidential. The collected information is aggregated and analyzed for the Annual Report.

ANNUAL SURVEY METHODOLOGY

In order to form a complete picture of the Carpet Recycling Industry, CARE asked respondents to the Annual Survey to report on the following:

- Amount of post-consumer carpet diverted and recycled
- Recycling versus other end-uses for the material diverted (i.e. reuse, end-product manufacturing, alternative fuel, cement kiln, waste-to-energy, landfill)
- End products manufactured from recycled material
- Steps in the recycling process performed by the respondent
- Types and amounts of carpets recycled, by fiber type
- Geographical locations and employment information
- International versus domestic customers
In addition to the quantitative information sought, CARE also requested input on CARE’s organizational performance and the value of CARE to the respondents. This information was used to improve CARE’s operations and resources.

For the 2010 CARE Annual Survey, CARE contacted 83 members of the Carpet Recycling Value Chain. Of those contacted, 54 responded, for a response rate of 65%. This represented a 10% decrease from the 2009 survey.

As noted previously, the response rate of 65% for the survey was high, providing good confidence in data quality. However, it is important to recognize that even with a higher response rate, data is missing from a number of companies involved in carpet recycling. Because we received responses from most of the major businesses engaged in carpet recycling, we estimate that the survey includes more than 90% of the volume of carpet diverted and recycled in the U.S. in 2010. Thus, as in all previous years, it is likely that the survey does not fully capture all of the post-consumer carpet recycling that occurred in 2010.

A copy of the survey tool is attached at the end of the Annual Report.

As always, CARE assessed the responses received and followed up as needed to ensure the minimizing/eliminating double-counting wherever possible. By so doing, the reported data is more accurate and reflects a truer picture of the amount of carpet diverted and recycled in 2010.

Because the 2010 survey asked more detailed questions about where the material went at each step of the process (see Figure 1), more accurate reporting on both diversion and recycling was possible.
Evaluation of Progress Towards Goals Established by A Memorandum of Understanding for Carpet Stewardship, 2002 (MOU)

Key Results for 2010

The MOU which established the CARE initiative included an escalating target for diversion of post-consumer carpet from landfill, with the ultimate goal of diverting 27-34% of the total of post-consumer carpet generated. In addition, the MOU included estimates of the different types of diversion which might be employed to achieve the overall goal. Coupled with projections of the amount of used carpet that will be discarded, this information results in specific quantitative targets for diversion of post-consumer carpet. These data are shown in Table 2 on a weight and percentage basis, respectively.

Table 2: MOU Goals for Post-Consumer Carpet Recovery
(Data expressed in millions of pounds)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Discards</td>
<td>4,678</td>
<td>4,828</td>
<td>4,537</td>
<td>5,038</td>
<td>5,261</td>
<td>5,590</td>
<td>5,642</td>
<td>5,887</td>
<td>6,020</td>
<td>6,605</td>
<td>6,772</td>
</tr>
<tr>
<td>Reuse</td>
<td>25</td>
<td>113</td>
<td>211</td>
<td>203</td>
<td>339</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling</td>
<td>180</td>
<td>48</td>
<td>45</td>
<td>50</td>
<td>53</td>
<td>56</td>
<td>59</td>
<td>60</td>
<td>66</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>Waste-to-Energy</td>
<td>100</td>
<td>300</td>
<td>300</td>
<td>450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>Cement Kilns</td>
<td>100</td>
<td>300</td>
<td>300</td>
<td>450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,812</td>
</tr>
<tr>
<td>Landfill</td>
<td>4,498</td>
<td>4,510</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,399</td>
</tr>
<tr>
<td>Recycling Rate</td>
<td>3.8%</td>
<td>7%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
<td>17%</td>
<td>19%</td>
<td>23%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>

The diversion goals contained within the MOU are also shown graphically in Figure 2.
Post Consumer Carpet Diversion Grows to 338 Million lbs. in 2010, an increase of 27 Million lbs., or +9%, versus 2009

In 2010, CARE members increased diversion of carpet from the landfill to 338 Million lbs., an increase of 27 Million lbs. or +9% versus 2009. This is a significant increase over the prior year and continues the year-over-year trend of increases achieved by the carpet recycling industry. The diversion rate reached 5.6% in 2010.

Figure 3 shows the progress made in diversion compared to the MOU Goals. It should be noted that the comparison shown above is based upon the original MOU goals established in 2002.
Post-Consumer Carpet Recycling Increases to 271 Million lbs., an increase of 10% over 2009

271 Million lbs. of carpet were recycled in 2010, an increase of 25 Million lbs., or 10% versus 2009.

Table 3 shows a comparison by weight and percentage of the quantity of post-consumer carpet recycled and diverted from landfill from 2002 through 2010.

**Table 3: Post-Consumer Carpet Recycling and Diversion, 2002–2010**

<table>
<thead>
<tr>
<th></th>
<th>Millions of Pounds</th>
<th>Percent of Total Discards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Discards</td>
<td>4,678</td>
<td>4,828</td>
</tr>
<tr>
<td>Recycled</td>
<td>46.2</td>
<td>86.6</td>
</tr>
<tr>
<td>Diverted</td>
<td>57.2</td>
<td>93.7</td>
</tr>
</tbody>
</table>

It should be noted that, in this report, recycled material is defined as material that is recovered and recycled through the process of remanufacturing into the same or different products or used as a feedstock in a manufacturing process. Diverted material is defined as all material diverted from landfill, including all beneficially reused, recycled and reconditioned material, as well as all material sold in retail/wholesale locations or used as alternative energy or sent to cement kilns or waste-to-energy facilities.

The annual recycling and diversion trend can be seen graphically in Figure 4.

**Figure 4: Post-Consumer Carpet Recycling and Diversion, 2002 - 2010**

It is also important to review the data in the context of the goals established in the MOU. The comparison of the MOU goals for diversion and recycling with survey results for 2002 through 2010 is shown in Table 4. This table shows that the gap between reported levels and MOU targets for recycling and diversion, in both absolute and percentage terms, continues to grow.
### Table 4: Comparison of Post-Consumer Recycling and Diversion with MOU Goals

*(Total discards assumed to be equal to quantities projected in MOU)*

*Data expressed in millions of pounds*

<table>
<thead>
<tr>
<th>Total Discards</th>
<th>Recycled</th>
<th>Diverted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Millions of Pounds</strong></td>
<td><strong>Millions of Pounds</strong></td>
<td><strong>Percent of Total Discards</strong></td>
</tr>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>4,678</td>
<td>46.2</td>
</tr>
<tr>
<td>Goal</td>
<td>178</td>
<td>3.8%</td>
</tr>
<tr>
<td>Difference</td>
<td>-132</td>
<td>-2.8%</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>4,828</td>
<td>86.6</td>
</tr>
<tr>
<td>Goal</td>
<td>235</td>
<td>4.9%</td>
</tr>
<tr>
<td>Difference</td>
<td>-148</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>2004</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>4,537</td>
<td>98.4</td>
</tr>
<tr>
<td>Goal</td>
<td>267</td>
<td>5.9%</td>
</tr>
<tr>
<td>Difference</td>
<td>-169</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>5,038</td>
<td>194</td>
</tr>
<tr>
<td>Goal</td>
<td>353</td>
<td>7.0%</td>
</tr>
<tr>
<td>Difference</td>
<td>-159</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>5,261</td>
<td>232</td>
</tr>
<tr>
<td>Goal</td>
<td>442</td>
<td>8.4%</td>
</tr>
<tr>
<td>Difference</td>
<td>-210</td>
<td>-4.0%</td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>5,590</td>
<td>275</td>
</tr>
<tr>
<td>Goal</td>
<td>531</td>
<td>9.5%</td>
</tr>
<tr>
<td>Difference</td>
<td>-256</td>
<td>-4.6%</td>
</tr>
<tr>
<td><strong>2008</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>5,642</td>
<td>243</td>
</tr>
<tr>
<td>Goal</td>
<td>620</td>
<td>11%</td>
</tr>
<tr>
<td>Difference</td>
<td>-377</td>
<td>-6.7%</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>5,887</td>
<td>246</td>
</tr>
<tr>
<td>Goal</td>
<td>765</td>
<td>13%</td>
</tr>
<tr>
<td>Difference</td>
<td>-519</td>
<td>-8.8%</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>6,020</td>
<td>271</td>
</tr>
<tr>
<td>Goal</td>
<td>903</td>
<td>15%</td>
</tr>
<tr>
<td>Difference</td>
<td>1103</td>
<td>-10.5%</td>
</tr>
</tbody>
</table>
Table 5: Breakdown of 2010 Diversion of Post-Consumer Carpet

<table>
<thead>
<tr>
<th></th>
<th>Millions of pounds</th>
<th>As % of Total Diversion</th>
<th>As % of Total Discards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reused</td>
<td>2</td>
<td>0.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Recycled</td>
<td>271</td>
<td>80.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>TOTAL Reused and Recycled</td>
<td>274</td>
<td>81.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Alternative Fuel</td>
<td>3</td>
<td>0.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cement Kilns</td>
<td>23</td>
<td>6.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Waste-to-Energy</td>
<td>38</td>
<td>11.3%</td>
<td>0.6%</td>
</tr>
<tr>
<td>TOTAL Diverted</td>
<td>338</td>
<td>100.0%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

The data in Table 5 and Figure 5 show where the diverted post-consumer carpet collected in 2010 was sent. More than 80% of the post-consumer carpet collected was sent to processors to be recycled.

Figure 5: Destination of Post-Consumer Carpet handled in 2010

Companies Handling Post-Consumer Carpet

Survey respondents were asked to characterize the nature of their businesses into one or more of the following categories (which are listed and defined below):

- **Collection Point** – A company that collects used carpet from the point of generation and transports it to a sorting, processing or waste management facility.
• **Collector/Sorting Facility** – A facility that separates waste materials (including used carpet) from a mixed waste stream. The end result of this process is used carpet that is separated from other materials.

• **Processor** – A company or facility that takes used carpet (whether handled by a sorting facility or brought directly by a collector) and processes it for use as a feedstock in a manufacturing facility.

• **Manufacturer** – A company or facility that utilizes processed carpet materials and transforms them into other products, or uses them as raw materials in a manufacturing process.

The breakdown of diversion by different types of companies is shown in Figure 6.

**Figure 6: Types of Companies Contributing to Post-Consumer Carpet Diversion, 2010**

![Figure 6: Types of Companies Contributing to Post-Consumer Carpet Diversion, 2010](image)

_C=C=Collector, _P=Processor, _S=Sorter, _M=Manufacturer

(Percentages reflect percent of total post-consumer diversion)

It can be seen from Figure 6 that there is significant diversity in the types of companies contributing to the diversion of post-consumer carpet in 2010. In 2010, companies continued to diversify their service offerings to include more than one step in the process. The information presented in Figure 6 provides a few key insights regarding the companies involved in carpet recycling:

• Companies that perform collection and sorting functions account for 38% of total diversion, the largest fraction of diversion companies.

• Companies that perform collection as one part of their operations account for 66% of total diversion; 56% of companies perform sorting within their services; 36% offer processing and 40% offer manufacturing. This indicates that these operations all play key roles in the recycling process and that a wide range of activities is reflected in the data.

**Engineered Resins: The Most Common End Product Manufactured from Post-Consumer Carpet**
Respondents indicated that 58% of the recycled post-consumer carpet is manufactured into engineered resins. 31% of the recycled post-consumer carpet is manufactured back into post-consumer carpet, either as carpet fiber (18%) or carpet backing (13%).

**Figure 7: End Products Manufactured from Used Carpet, 2010**

- Engineered Resins 58%
- Carpet Fiber 18%
- Carpet Backing 13%
- Molded/Extruded Products 2%
- Carpet Cushion 5%
- Other (please specify) 3%
- Filler for Carpet or other Products 1%

**U.S. Continues to Be Primary Market for Post-Consumer Carpet Material**

Another component of the data gathered during the 2010 survey was information related to domestic and international flows of material. In 2010, 91% of the material collected was used within the U.S. The results are shown in Figure 8

**Figure 8: Destination of Post-Consumer Carpet Recovered in 2010**

(Results are percentages of the total flow for which destinations were reported)

- US 91%
- Asia 6%
- Mexico 1%
- Canada 1%
- Europe 1%
- Other/Unknown 0%
It can be seen in Figure 8 that the vast majority of the post-consumer material recycled was sent to facilities within the U.S. The amount of material going to Asia was 6% in 2010. Over the last four years, more material has been reported as recycled domestically, with downward trending percentages exported to Asia and Europe.

**Nylon 6 and Nylon 6, 6 Fibers Were 71% of the Fiber Type Recycled in 2010**

The CARE survey included information on the types of carpet face fiber collected or handled by recyclers. In 2010, N6 and N6,6 fibers accounted for 71% of the total recycled carpet fiber. The percentage breakdown between the two fiber types was almost equal, with Nylon 6 accounting for 36% of the total and Nylon 6, 6 accounting for 35% of the total. Polypropylene fiber represented 12% and PET 11% of the total.

The distribution of carpet fiber handled is illustrated in the figures below.

**Figure 9: Breakdown of Carpet Material Recycled, by Fiber Type, 2010**

*NOTE: N6=Nylon 6; N66=Nylon 66; PP=Polypropylene; PET=Polyethylene terephthalate*
**CARE ANNUAL REPORT 2010**

**Carpet Recycling Employs 1129 People Nationwide in 2010**

Employment in carpet recycling declined from 1661 people to 1129 people in 2010, consistent with employment changes in the carpet industry and U.S. economy overall.

**Collection of Carpet is Highest in California, Southeast, Southwest and Midwest U.S.**

Respondents were asked to report the volume of carpet collected by region. See Figure 10 for the U.S. regional map.

**Figure 10: Reporting Regions in the U.S.**

Exchanging the amount of carpet collected by region, it is noted that carpet collection is highest in California, followed by the Southeastern, Southwestern and Midwestern U.S.. Opportunities exist to increase carpet recycling in other areas in the US, such as the Northeast and Northwest.

**Figure 11: Breakdown of 2010 Collection Data by Region**
Qualitative Feedback from Carpet Recovery Survey

In addition to the quantitative data gathered during the survey, respondents were asked what specific activities CARE had undertaken to assist the carpet recycling industry. A summary of the results follows:

Figure 12: Areas where CARE assisted members in 2010

We also asked respondents what business opportunities they felt needed additional CARE support.

Figure 13: Areas where members would like more support from CARE, 2010

Conclusions

The following key conclusions can be drawn from the data presented:

- In 2010, respondents to the CARE Annual Survey diverted 338 Million pounds from the landfill and recycled 271 Million pounds of that carpet.

- Reported diversion and recycling rates were 5.6% percent and 4.5% percent of discards, respectively, in 2010.

- Since its inception in 2002, CARE members have diverted 2 Billion lbs. of post-consumer carpet in United States.

- There are two factors that resulted in a relatively high quality of data reported in 2010. First, the response rate was again very high, with 54 companies providing some level of quantitative data (compared with 56 for 2009). No extrapolation of data or use of
secondary sources was required. Second, through extensive follow-up effort beyond the survey, access was provided to information that allowed for a highly specific determination of double counting when it did occur and an accurate adjustment that eliminated any potentially significant sources of double counting.

- There is a great deal of diversity in the types of companies reporting post-consumer carpet recycling. As has been true in the past, the largest fraction of recycling is attributed to companies that perform more than a single recycling function: collection, sorting, processing and manufacturing.

- Manufacturers indicated that 58% of the post-consumer carpet was manufactured into engineered resins. 31% of the post-consumer carpet went into new carpet, as either carpet fiber (18%) or carpet backing (13%).

- Approximately 91% of the material reported to be recycled was sent to facilities in the U.S.

- This data shows a focus on the collection and recycling of nylon face fibers. In 2010, N6 and N6, 6 fibers accounted for 71% of the total carpet fiber recycled. The percentage breakdown between the two fiber types was almost equal, with Nylon 6 accounting for 36% of the total and Nylon 6, 6 accounting for 35% of the total. Polypropylene fiber was 12% of the total and PET was 11%.

- There is considerable awareness of the activities CARE undertakes to promote post-consumer carpet recycling, particularly in regard to facilitating communication among and between carpet recyclers. In addition, there are a number of areas in which carpet recyclers have specific ideas and suggestions about the types of activities CARE should undertake in the future, most notably in end product development.

Survey Methodology

In developing a survey methodology to establish quantitative estimates of recycling of a particular waste stream, two key factors must be taken into account: 1) participation; and 2) double-counting. Participation is essential in any surveying process, and even more so in this type of survey, where there is no logical or reliable way to extrapolate results from respondents to the general population. This means that respondents’ survey responses will represent the complete and total results. Thus, every effort must be made to maximize participation.

However, with increasing participation comes another potential problem: double-counting. Since a given pound of used carpet may pass through several different entities on its way from the point of generation to its ultimate disposition (reuse, recycling or disposal), and, since all of these different types of entities (collectors, sorting facilities, processors and manufacturers) are included in the survey, the chance exists that the same pound of carpet could be counted more than once. As participation increases, the likelihood of double-counting increases, since there is a greater chance that more than one company may be reporting on their handling of the same material.
A number of features were built into the surveying process to address these two key issues:

- Confidentiality of data is often the key to participation, and all aspects of the survey were designed to preserve confidentiality. In particular, a web-based surveying tool was used to allow respondents to provide data completely anonymously, if they desired. In addition, all written and verbal communication with potential survey respondents stressed the confidentiality of data.

- Simplicity and ease of response was also a key to participation rates. The survey questions were streamlined to the maximum extent possible so that only the most critical data requirements were included, based upon the philosophy that it is much better to have the basic data from many respondents than detailed information from a few (particularly since there is no basis for extrapolation).

- Participation rates can also be boosted through the use of multiple means of contact (as well as repeated contacts). Thus, e-mail, telephone and face-to-face communication were all used to contact potential survey respondents.

- To maximize the value of those survey responses received, and to minimize chances of double counting, it was determined that it would be best to focus resources on all recipients who received an invitation to participate in the survey. All types and sizes of companies involved in carpet recycling were contacted initially with a request to respond to the survey; resources for telephone follow-up were prioritized and assigned follow-up targets.

- To reduce the chances of double counting, survey respondents were asked to identify the geographic sources of their material to the extent they were known. The notion behind this is that if the nature of the survey responses is such that there is a sense that information from two or more companies might reflect handling of the same material, the geographic sources of these companies could be reviewed to determine if that was likely.

- In another attempt to reduce the chances for double-counting, survey respondents were asked about the type of companies that received the material their company shipped out after they finished handling it. This information not only allows for identification of possible double counting, but also serves to provide a more complete picture of the overall flow of used carpet through the collection and recycling process. In one particular instance, data from one company was adjusted so as to minimize double counting, based upon an understanding of where they sent their material after collection and sorting.

- In this year’s survey process, an additional step was incorporated to address a situation in which the potential for double counting was identified (based upon the process described above). When the potential for double-counting was identified, a special arrangement was made for sharing of additional detailed information about sources of material handled by certain companies so as to determine if, and exactly how much, double-counting might be included in data received. Based upon that information, a highly detailed and accurate adjustment was made to remove this source of double-counting error. This process is being described in only a general way herein to preserve the confidentiality of all parties and data involved.

With those basic principles in mind, the surveying process was implemented, using the steps outlined below, which are described in generally chronological order:
1. The survey form used in the 2009 survey was significantly updated to reflect the need to recover data for 2010, and to add a request for more in-depth information on uses for recycled carpet. The 2010 survey form is shown in Appendix 1 to this Report.

2. The survey form was web-based and posted on the Internet. The survey was accessed by going to a specific URL address that housed the survey, and results were submitted via the Internet, without the need for e-mail or paper-based responses. The results were password protected and available solely to two CARE staff, to preserve confidentiality.

3. Based upon past experience with this survey process, the surveying was focused solely on those companies for which specific individuals have been identified as points of contact. In addition, in the months leading up to the survey, CARE staff worked to develop an up-to-date listing of contacts and e-mail addresses that truly reflected the current status of active companies involved in post-consumer carpet recycling.

4. Companies with specific contacts and e-mail addresses were notified via e-mail about the survey and provided the URL so that they could respond electronically. A total of 83 different companies were sent e-mail notifications of the survey (more than one individual was contacted from an individual firm in several instances). The e-mail notification stressed the confidentiality of the information they were asked to provide.

5. Approximately two weeks after the initial e-mail was sent, follow-up activities were initiated. These included follow-up e-mails to those companies that had not responded, as well as telephone calls to prompt responses and answer questions some potential respondents had raised.

6. All survey responses were reviewed for any internal inconsistencies or unclear responses. The survey responses were also reviewed to determine if there were any questionable responses (e.g. data that appeared to be off by orders of magnitude with regards to company size). In those instances where there was some question about the responses provided and the respondents had provided their names (respondents can choose to respond entirely anonymously), follow-up was performed to clarify the responses.

7. Data from survey responses were transferred to a spreadsheet-based database. This database contains all of the quantitative responses, as well as summaries of any descriptive information provided by the companies.

8. Data to eliminate potential double counting was received and appropriate adjustments made to the data compilations.

9. The data in the database were compiled and analyzed to produce the results described herein.

**Assessment of Survey Approach and Results**

As noted previously, there are two key factors that led to the conclusion that this year’s survey results are high in quality (i.e. believed to be more representative of real-world conditions):

- Response rate was again very high, meaning that a greater proportion of the total number of companies involved in post-consumer carpet recycling responded by submitting survey results.
A significant portion of the carpet recycled was handled by manufacturers who reuse the material internally within their own manufacturing process, thus eliminating the possibility for double counting of this material.

Only 8% of the material that is reported to be diverted is handled by companies that are collectors only, and when there is data provided by collection-only companies the likelihood for double counting increases. When the company performing collection also does some sorting and/or processing, it reduces the chances for double-counting, since the next company in the process is unlikely to know the specific source of the material they are receiving and thus unlikely to report it in a survey on recycling of post-consumer carpeting.

For these reasons, double counting does not appear to be a significant issue with the data presented herein.

CARE OUTREACH RESULTS, 2010

8th Annual CARE Conference

In 2010, 131 members and colleagues of CARE gathered at its 8th Annual Conference at La Posada De Santa Fe Resort in Santa Fe, New Mexico. For two and a half days, attendees networked with professional colleagues, to learn more about new products and technologies that can help them in their businesses. As always, there were serious discussions and debates about the state of the industry.

CARE also recognized the outstanding individuals and companies who made significant contributions to the CARE organization. The following awards were given:

2009 Recycler of the Year - Shaw Industries

As the organization’s Recycler of the Year, CARE recognized Shaw Industries for its continued investment in both people and processes designed to increase the diversion of post-consumer carpet from landfills. Shaw Industries was previously honored by CARE for its outstanding carpet recycling efforts in 2007, when it received the Recycler of the Year award following its purchase and launch of the Evergreen Nylon Recycling facility. As a cornerstone of their reclamation efforts, Shaw’s Evergreen Nylon Recycling program converts Nylon 6 fiber from post-consumer carpet back into the raw material to make new carpet fiber. As the leader in carpet recycling by volume, Shaw currently recycles enough nylon fiber to wrap the earth more than 2,000 times each year.

Since Shaw opened the Evergreen plant in 2007, the company has recycled more than 220 million pounds of carpet.
of post-consumer Nylon 6 carpet and more than 36 million pounds of post-consumer carpet filler. In addition to its current reclamation operations, Shaw continues to research opportunities for ways to utilize waste carpet.

For example, in 2009, Shaw began construction of Re2E (Reclaim to Energy), a first-of-its kind, carpet-fueled co-generation facility in Dalton, Georgia. The facility will consume 76 million pounds of post-consumer and post-industrial carpet annually and will generate electricity and steam power for one of the company’s carpet mills. The project addresses three of Shaw’s main environmental priorities: alternative energy sourcing (and energy cost stabilization), the diversion of post-consumer and post-industrial carpet waste from landfills, and the expansion of Shaw’s post-consumer carpet reclamation network.

Another example of Shaw’s forward-looking strategy is its creation of the Materials Recovery Strategic Business Unit. This newly-staffed team is dedicated to developing products derived from all types of post-consumer carpets and finding paths to markets for these newly-created products.

**CARE Person of the Year: Georgina Sikorski, Carpet America Recovery Effort (CARE)**

In recognition of her exemplary leadership as CARE’s Executive Director, Georgina Sikorski was named CARE Person of the Year. Since joining CARE in 2009, Sikorski has guided the group through overwhelmingly difficult economic conditions, managing during that time to significantly increase both revenues and membership – CARE membership currently stands at 280, up from 50 just a year earlier. In addition, influenced by Sikorski’s enthusiasm and skill at accomplishing goals, the CARE Board of Directors made remarkable progress towards the organization’s corporate goals of achieving sustainable funding, developing end-markets for post-consumer carpet, and increasing awareness of CARE and its leadership position in carpet recycling.

The Conference Agenda and Copies of the presentations may be found at www.carpetrecovery.org.


**7th Annual Entrepreneur Meeting**

CARE entrepreneurs gathered in 2010, once again to discuss common opportunities and challenges facing them and the emerging carpet recycling industry. Demonstrating a growing interest in carpet recycling, the attendance at the meeting grew 55%, from 60 attendees in 2009 to 93 attendees in 2010.
The meeting agenda and copies of the presentations may be found at www.carpetrecovery.org.

Sponsors of the 7th Annual Entrepreneur Meeting included Beaulieu of America, CarpetCycle, Interface FLOR Commercial, Shaw Industries, Tandus Flooring Inc., and Universal Fibers Systems, LLC.

**CARE Website Traffic**

CARE's website, www.carpetrecovery.org, is the leader in internet search engine's results for keywords related to carpet recycling. In fact, CARE's website returns at the top of Yahoo and Google when an internet search is conducted on “carpet recycling.” Despite CARE's strong search engine ranking, a decline in website traffic occurred in 2010.

CARE's website traffic for 2010 decreased to 153,053 versus 159,373 visits, a 3.9% decrease versus 2009. We at CARE believe this decline is a result of the economic conditions facing consumers over the past year. Although website traffic statistics do not measure the consumer's motivation for visiting a website, certain variables will influence the consumer's need to visit a particular website. A decrease in remodeling, automotive manufacturing, housing construction and oil prices lowered the desire to recycle post-consumer carpet. Without the economic drivers to increase the desire to recycle carpet, website traffic will naturally follow the demand in the economy.

![Website Traffic Graph](chart)

**CARPET INDUSTRY INITIATIVES**

In Their Own Words: - Reports from CARE members on their ongoing projects

**AQUAFIL, USA**

Aquafil USA is harvesting post-consumer and post industrial polymer raw material to create Econyl, an innovative recycled nylon 6 carpet fiber.

We have third party certification, from the UL environment, for Econyl Next that contains an average of 10% of post-consumer material, mostly from used carpet fiber. This was just the beginning of our journey to close the loop and offer the industry a 100% sustainable
polymer fiber system. We are now ramping up direct procurement of purified post-consumer nylon 6 polymers from carpets to support this goal.

The core business of the Aquafil Group is the production of nylon 6 yarn for carpeting. We offer a highly differentiated product range, innovative production technology and first-class customer care service. The Group is the leading manufacturer for this sector in Europe.

The Aquafil Group employs more than 1,900 people and has a presence in three continents: Europe, North America and Asia. Headquartered in Northern Italy, it has five production facilities there, three in Slovenia and one in Croatia. In Asia, there is a facility in Thailand and a new production facility in China, located in Jiaxing City, near Shanghai. The North American facility, Aquafil USA, is in Cartersville, Georgia.

Aquafil has three manufacturing business units. These are: 1) Carpet BCF, 2) Textile BCF for fabrics, and 3) Engineering Plastics. A fourth business unit 4) Energy and Recycling oversees these manufacturing business units to embed sustainability across our culture, making sure that sustainability is considered in every decision. The aim is to reduce our overall business impact by continuously reducing energy consumption in our production and increasing recycled and reclaimed raw material sources for our products. Aquafil’s philosophy is closing the loop, with a defined timeline for delivering products sourced from 100% post consumer waste, beginning with 25% post consumer in 2011 with the balance sourced from upcycled industrial waste. This delivers to the industry the only 100% sustainable fiber system that can be reclaimed over and over. Our Eco-Pledge™ brand is a commitment to become the most sustainable business in our industry.

In 2010, Aquafil took the next step to fully close the loop, by breaking ground on the Econyl Process, a twenty five million pound nylon 6 recycling and recovery operation in Slovenia. The Econyl Process is a pioneering technology that recycles, reprocesses and reuses nylon 6 waste materials without degrading them. The Econyl polymer produced has exactly the same high quality technical performance and brilliant full color possibilities Aquafil is well known for – the same as those made from virgin caprolactam, but the big difference is, compared to traditional polymers; Econyl has a substantially lower environmental impact in all important measured attributes (energy, air emissions, water and waste).

Worldwide, at our factories, Aquafil is investing in energy efficiency projects and innovative technologies like trigeneration systems, photovoltaic energy sources, and a planned hydroelectric plant. Aquafil USA made a significant proactive investment, completed in 2010, to enhance energy efficiency with reduced energy lighting and Reactive Power Correction technology. Our fiber products now have an 8% carbon footprint reduction, from an electrical usage perspective, from lowered electric energy consumption at the Cartersville Georgia BCF plant.

2010 was a year of expansion for Aquafil USA as we broke ground on a 60% BCF capacity expansion as well as an Engineering Plastics resin compounding module. Built into this expansion is the capability to generate PET BCF with post consumer content. The Engineering Plastic operations allow Aquafil USA to consume additional carpet industry polymer waste sources outside our core nylon 6 polymer. Both expansions will come online in the first quarter 2011.
Aquafil is promoting an “Econyl for sustainable design” product development methodology so that our customers can better champion end of product life responsibility and stewardship. For carpet companies, this means designing products with the end of life in mind by using nylon 6 based face fiber in the construction going forward. We will take the nylon 6 post consumer fiber back, in a continuous cycle forever, displacing natural resources and continuously reducing environmental impacts in our production. Econyl based products add LEED points and contribute to NSF-140 certification with no compromise.

**BEAULIEU GROUP**

Beaulieu Group LLC diverted over 11,850,000 pounds of Post-Consumer (1,600,000 lbs.) and Post-Industrial (10,250,000 lbs.) carpet waste from landfills during 2010. All material was reprocessed in shredding operations for use in other industries or processed and re-extruded for yarn.

Internal use of reprocessed materials continues to increase with strides being made in Polypropylene, Nylon-6 and Polyester (PET). Virtually all polypropylene waste is being recycled internally and some external polypropylene is now being handled in our new re-extrusion operation. Internal use of recycled Nylon-6 decreased from 750,000 lbs. in 2009 to just under 500,000 lbs. in 2010. Beaulieu Group LLC remains one of the two largest users of recycled PET bottles (over 90 million lbs.) for yarn production consuming 2 pounds of waste PET bottles for every pound of waste generated in manufacturing.

The Nexterra product line by Beaulieu Commercial division continues to be the gem in our environmentally friendly carpet tiles. With a minimum of 53% total recycled post-consumer content by overall product weight and 85% backing recycled post-consumer content, use of 100% Green Energy in production, and engineered to use no water during tile production, this product continues to provide an innovative sustainable growth. We have also reduced the overall footprint of the Nexterra product line by a total of 23% in 2010 (source reduction). Several new products are on the table for 2011.

Beaulieu Group LLC continues to look for innovative ways to use post-consumer carpet products. Additional consumption of post-consumer polyester and polypropylene from carpet is underway and should be part of our regular production in 2011.

**INTERFACE**

Interface has reclaimed more than 220 million pounds of carpet since 1994, including just over 26 million pounds in 2010. Our recycling business, called ReEntry 2.0 reclaims all types of carpet (commercial and residential) regardless of face fiber type or backing used. The Interface technology allows the materials in old carpets to be cleanly separated to ease the recycling process.

Separated nylon 6, 6 fiber is recycled into new nylon 6, 6 fiber and plastics, while separated vinyl backing is recycled into new vinyl backing using Interface’s Cool Blue backing technology, all with a remarkably low energy footprint. Recycling partners have been identified for other reclaimed carpet materials to ensure that no reclaimed carpet ends up in landfills. Through ReEntry 2.0 and our fiber extrusion partners, Interface has introduced 70 new post-consumer fiber colors in solution dyed nylon.
The system has a number of unique qualities, including extremely small physical and energy footprints and its flexibility. Through ReEntry 2.0, Interface is now able to reclaim all types of carpet, reducing waste sent to landfills and further reducing the company’s reliance on virgin materials. Interface can process more than 30 million pounds of carpet annually through this system and has long term plans to regionalize this business across the United States.

**J+J/INVISION**

J&J Industries considers conservation at the core of sustainability. Preventing excessive or the inefficient use of natural resources and the preservation and protection of the environment is the foundation of our environmental stewardship. This focus also embraces our landfill diversion initiatives. As a founding member of CARE, we take pride in each of J&J Industries recycling and reclamation actions.

The J&J Industries Carpet Reclamation Program facilitates the reclamation of used carpet and guarantees that it will not reach a landfill. This program is available to all customers, regardless of whether or not they purchase or specify J&J Industries products. In 2010, J&J Industries facilitated the reclamation of over 2,300,000 lbs. of carpet, which is more than four times the amount reclaimed in 2009. More than 2,200,000 lbs. was recycled and 114,940 lbs. was converted from waste to energy.

In 2007, we developed an R4 (return, reuse, recycle, reduce) program specifically for our customers. This program allows the ability to easily recycle all J+J/Invision carpet samples and architect folders that are no longer needed. On average we recycle/reuse 7,000 pounds of samples per month or over 85,000 pounds of waste diverted from the landfills each year.

In 2010, J&J Industries was honored as both a GSA Evergreen Award recipient along with the Green Contractor Award by the Coalition for Government Procurement. As a fully integrated company, we have a comprehensive understanding of our environmental footprint and can react quickly to changes in the marketplace to align with advances in product and process innovation. This vigilance and care, along with our conservation initiatives, helps to strengthen our commitment to sustainability.

**MANNINGTON**

Mannington has long driven investment and research into reducing manufacturing waste and increasing efficiency. By evaluating our products and processes against our corporate goal of becoming a net-user-of-waste, we have been able to make significant company-wide improvements to allow us to attain that goal at multiple locations. Also, by implementing ISO 14001 in both our Georgia carpet location and other company locations, we have proven that our entire process exceeds these stringent environmental standards.

An initial carpet product that enables us to meet these environmental hurdles was Artcraft carpet tile which has been a great success both for its colorful aesthetics and smart re-use of 100% post-production yarn. The next improvement was Artworks, which added a dominant high recycled yarn to the Artcraft look, and is available with our Infinity RE recycle backing. In 2011 we will be announcing yet another upgrade to this innovative line. All other exciting tile products are available for use with the Infinity RE backing system, which
contains both pre and post-consumer recycled content and routinely exceeds a total of 30% by total product weight. The minimum amount of post-consumer recycled content exceeds 10% and most of this is reclaimed post-use carpet through LOOP, our nation-wide carpet reclamation system. Also, we have significantly increased our carpet reclamation activities through our LOOP Program over the past several years, showing we are certainly heading in the right direction. All Infinity RE backed carpet meets the Platinum level of NSF/ANSI-140 Sustainable Carpet Assessment Standard. Additionally our UltraBac RE and Integra HP RE broadloom carpets are Platinum rated to NSF/ANSI-140, as well as rEvolve modular tile.

Regarding our recycling expertise and the technical framework of carpet-to-resilient and resilient-to-carpet, Mannington continues to be the only company able to reuse reclaimed carpet into Relay RE. It is the first and only hard-surface flooring to contain recycled carpet. Relay RE is 35% total RC – 20% post-consumer and 15% pre-consumer content – all from carpet. Mannington will continue to invest and research new technologies and processes to increase recycled content and reduce waste. We will continue to work with progressive organizations like CARE who are working to improve environmental performance in our industry, because after all, actions speak.

MILLIKEN

Milliken Ecountability represents a long-standing commitment to stewardship. This holistic vision to respect the earth encompasses every opportunity, every decision, every partnership, every location and every associate. Ecountability guides Milliken’s corporate policies, manufacturing practices and product life cycle design. With more than a century of responsible environmental action, Milliken & Company offers innovative product lines in floor covering, specialty chemicals, and technical textiles.

Products. Milliken Ecountability means being responsible for the entire carpet life span, certifying the products and production to the most stringent standards by reputable third parties. We continue to utilize Life Cycle Analysis to support product design for reclamation and recycled content—both post-consumer and post-industrial. In 2010, we expanded our NSF-140 Platinum certified product offering with a number of products that combine high recycled content in both face yarn and backing.

Recycling. Milliken Ecountability requires ownership of waste and reclaimed product. In 2010, we diverted almost 16 million lbs. of material from landfill. Through the CARE network, these diverted materials were directed to regional partners to minimize the environmental impact of transportation and either recycled or converted to usable energy. Among the many recognitions for sustainability excellence, Milliken recently added that of “EPA WasteWise partner”.

Manufacturing. Milliken Ecountability initiatives for manufacturing strive to continually lighten our environmental footprint by reducing consumption of non-renewable resources. Milliken is certified as a carbon neutral manufacturer without purchased carbon credits, based on quantified emissions that include energy reduction, renewable energy, and carbon sequestration delivered by its forests. The company also maintains Cleaner and GreenerSM certification from the Leonardo Academy. Milliken has reduced water consumption 56% since 1995 yielding a 42% reduction in gallons per pound of production. To further
increase energy efficiency and significantly reduce greenhouse gases, Milliken joined the EPA SmartWaySM Transportation Partnership and regularly hosts SmartWay events on our corporate campus nestled in our nationally recognized arboretum.

**MOHAWK GROUP**

Mohawk has one of the most comprehensive sustainability programs in the industry that includes a focus on recyclability, renewable technologies and reducing our impact on the planet. Mohawk is also a founding member of CARE.

In 2010, Mohawk continued to advance ideas and technologies that promote complete solutions to the challenge of recycling carpet, addressing all components of the carpet composite—fiber, backings, and fillers. Mohawk also continued its efforts to promote recycled carpet components beyond the flooring industry for other applications.

Mohawk's GreenWorks Center is a demonstration of this commitment. This patent-pending recycling facility for post-consumer carpet fiber is unique in that it can process any carpet face fiber from nylon 6 & 6.6, to polypropylene, polyester, and triexta.

In 2010, the facility also added the ability to recycle latex carpet backing. Through an important partner alliance, Mohawk solves the issue of recycling latex backing material by allowing it to be used over and over again. Waste sand, or calcium carbonate plus latex, from reclaimed carpet is put through the patent-pending process, which removes residual carpet fibers and blends the sand with limestone commonly used as filler for latex carpet backings. Replacing just 35 percent of limestone with the recycled carpet sand from this process can potentially divert more than 280,000 tons of carpet from landfills each year.

Mohawk continues to find additional markets for the plastic resins that are products of the GreenWorks Center's recycling efforts. The plastics recovered through GreenWorks are excellent substitutes for virgin material and are used in many high-value products in a multitude of industries.

Mohawk is one of the world’s largest recyclers of plastic bottles, recycling approximately 20% of all post-consumer bottles in North America (more than 3 billion bottles each year), diverting an enormous amount of PET plastic from landfills. In 2010, Mohawk expanded product offerings containing post-consumer recycled PET, including new PET BCF fiber.

Mohawk is also the first company in the flooring industry to appoint a Chief Sustainability Officer, along with a Sustainability Council comprised of key Mohawk executives. Mohawk’s commitment to transparency is demonstrated by the 2010 release of its first Sustainability Annual Report, thoroughly detailing company practices, goals, and accomplishments. This report (available at www.MohawkSustainability.com) uses globally accepted GRI G3 protocols, and Mohawk is the first company in the flooring industry to have every step of its sustainability programs verified by a third party resource, FIRA.

Other sustainability highlights for Mohawk Industries that coordinate with CARE efforts include:

- Five Mohawk manufacturing facilities are certified ISO-14001.
- Mohawk’s environmental efforts have won the company recognition from The U.S. General Services Administration, Wal-Mart, Newsweek’s Green 500 companies, the Society of Plastics Engineers, and The Partnership for Sustainable Georgia.
• Mohawk’s SmartStrand carpet made with DuPont Sorona replaces 37% of the polymer with renewable resources instead of petroleum based components. In doing this, we are able to save the energy equivalent of as much as 10 million gallons of gasoline each year.

• Mohawk University offers a full-day course, “Environmental Advantage,” that teaches floorcovering retailers how to make their businesses more sustainable. Many retailers have established carpet recycling programs as part of this education effort.

Mohawk: Creating A Better World by Design.

SHAW INDUSTRIES GROUP

Shaw Industries has been committed to sustainable business solutions since the company’s inception and has a long history of respecting the environment, preserving resources, and embracing social responsibility. A leader in environmental stewardship, Shaw’s commitment is the model for Sustainability Through Innovation™ - That’s the Shaw Green Edge®, the company’s environmental strategy and communications program that describes and comprises the hundreds of product, environmental, manufacturing, and social initiatives the company has implemented, and those that will continue to be developed that have positive environmental, economic, and social impacts.

In 2010, Shaw continued to invest in sustainable solutions to strengthen our leadership position within the flooring industry. Projects initiated in 2009 came to fruition in 2010, including the start of operations at Re2E, our new Reclaim-to-Energy facility designed to dramatically increase our capacity for reclaiming post-consumer carpet while providing a sustainable source of carpet as an alternative fuel. Also up and running in 2010 was Clear Path Recycling, a joint venture with DAK Americas to build and operate what will become the largest plastic bottle recycling facility in North America. Finally, through Shaw’s nationwide carpet reclamation system, the company continues to be the largest contributor to the Carpet America Recovery Effort (CARE), helping to ensure the success of the organization’s national reclamation network.

Reclamation and Recycling Initiatives

• Evergreen Nylon Recycling - In 2010 Shaw recycled more than 85 million pounds of post-consumer N6 nylon carpet in a Cradle to Cradle process at its Evergreen Nylon Recycling facility in Augusta, GA. The company also reclaimed a total of 122 million pounds of post-consumer carpet, making Shaw by far the largest recycler of post-consumer carpet in the world. Shaw will reach a milestone in 2011 with more than a half-billion pounds of post-consumer carpet being reclaimed since launching its nationwide collection network in 2006.

• Clear Path Recycling - The first phase of operations at Clear Path Recycling, Shaw’s joint venture with DAK Americas, was completed in 2010. Located in Fayetteville, NC, the facility will initially process 160 million pounds of post-consumer PET bottles annually. A second phase, planned for completion in 2012, will bring the operation to capacity at 280 million pounds, making Clear Path Recycling, LLC the largest PET recycling operation in North America. Approximately 75% of the output is for internal use, and Shaw inserts the recycled PET resin in its ClearTouch® BCF carpets.

• Re2E - Dalton, GA - Shaw’s new reclaimed carpet-to-energy facility in Dalton, GA also started up in 2010. Designed to generate energy from reclaimed carpet, the facility is
totally fueled by reclaimed carpet and carpet material from both internal manufacturing operations and post-consumer carpet collections. The operation’s alternative-fuels-fired boiler is expected to convert more than 80 million pounds of reclaimed carpet materials annually into steam and electricity for an adjacent carpet manufacturing facility. In addition, Re2E will eventually generate enough electricity to power itself. This is the second of Shaw’s first-of-their-kind alternative energy operations in just five years.

- **Expanded EcoWorx® Processing** - Shaw expanded its elutriation capacity in 2010 by starting up a second, larger machine at the company’s Plant 15 in Cartersville, GA, resulting in an almost five-fold increase in total pounds processed. Elutriation is a mechanical process that separates the reclaimed Eco Solution Q® fiber from EcoWorx® backing, and the expansion gives Plant 15 the ability to process more of both its internal carpet waste and post-consumer waste back into usable backing and fiber materials.

- **CARE 2012 MOU** - In 2010 Shaw joined the 2012 MOU process and has remained a strong supporter of this effort throughout its phases. Shaw is looking forward to the adoption of the 2012 MOU later this month.

- **California AB-2398** - 2010 saw many changes in the landscape of EPR (Extended Producer Responsibility) laws, with California AB 2398 being the first EPR law in the country impacting carpet. Shaw was both supportive and active in the implementation of California AB 2398, a carpet stewardship law designed to increase carpet recycling in the state. Beginning in July of 2011, a 5-cent per square yard assessment will be placed on all carpet sold in California, and retailers will include this “Carpet Stewardship Assessment” as an after-tax line item on their customers’ invoices.

**TANDUS FLOORING, Inc.**

For nearly half a century, Tandus Flooring has been a pioneer in the areas of research and development of innovative solutions while continually advancing business practices to meet the critical environmental challenges facing our industry. Consistent with this heritage of innovation, Tandus Flooring established the INFINITY INITIATIVE.

The Infinity Initiative encourages the forward thinking and risk taking that leads to the breakthrough technology that will fix the environmental problems of today and serve as the springboard to answer the challenges of tomorrow. The collective energy within the Tandus Flooring community has led the progression of historic milestones in environmental and social responsibility and sets the stage for future successes.

Tandus Flooring has recycled more than 180 million pounds of flooring and waste through the industry’s first closed loop recycling program since it was launched in 1994. The Infinity Initiative has led to absolute transparency to environmental claims with the world’s first third party certified flooring reclamation center and third party certified recycled products. These tangible advancements provide an infinite opportunity to improve environmental stewardship and socially responsible initiatives in a collaborative environment.

Initiatives toward product solutions include a clear responsibility towards landfill avoidance with continuous increases in post-consumer content in our products while decreasing our carbon footprint. We challenge the industry and ourselves to simplify the recycling process, continue to practice source reduction and provide product solutions with the
lowest embodied energy and the highest proven performance. A longer perspective is to ensure that we continue to engage communities, insure accountability and an unavering dedication to enhance spaces for learning, working healing and living.

There is an infinite capacity to improve everything exponentially through responsible leadership. Leadership does not begin and end with simply recycling more. It's about investing in new ideas and implementing new practices that lead to change, helping to improve the human condition. Tandus Flooring’s Infinity Initiative continues beyond the next innovation; the process is infinite.

UNIVERSAL FIBERS

Each year, Universal Fibers seeks to strengthen its existing sustainability initiatives, as well as to harness its leadership from innovation through investment to expand these activities. Use of recovered post-consumer carpet face fiber is a key component of Earth Smart™ - which is more than a brand – it is our Promise.

Use by Universal of post-consumer carpet face fiber [PC] increased by 25% in 2010 – demonstrating our continuing commitment to CARE’s objectives. This increase [25%] also represents Universal’s annual PC use rate increase since 2007, when its first commercial products were introduced.

From CARE’s perspective, these sustained activities accumulate to more than 11 million pounds of carpet diversion over this four year period.

Universal adds PC content to more than 360 standard running line colors. Said differently, post-consumer carpet face fiber is part of our product DNA, not just a niche or whim.

As part of its Earth Smart™ promise, Universal invested $250,000 in a new Customer Care Center at its world headquarters in Bristol, Virginia. The hands-on and media resources are intended to inform and educate Associates, A&D [architectural & design], End Use Customers, Mill Customers, Government Officials, and Students. CARE’s message is visible and resonant.

Finally, at the end of 2010, Universal Fibers decided to publicly elevate its commitment to CARE. Although it has been proud to claim active participation since 2005, the status of Sustainable Leadership with respect to membership speaks for itself. It’s always been “who we are” – now it’s officially “what we are.”
APPENDIX 1

Carpet America Recovery Effort (CARE) Survey, 2010

Dear CARE Reclamation Partner,

Thank you for taking the time to complete the 2010 Carpet America Recovery Effort (CARE) Annual Survey. Your complete answers to this survey will allow us perform quantitative analysis on the carpet recycling stream and create a detailed Annual Report for the stakeholders of CARE.

Please report only the quantity of post-consumer carpet managed through your business. For purposes of the CARE Annual Report, we will NOT include information on post-industrial carpet, ONLY POST-CONSUMER CARPET.

The survey is 12 questions long and should take less than 10 minutes to complete.

If you need any assistance or have questions while completing this survey, please contact Jeremy Stroop, CARE’s Operations Manager, at jstroop@carpetrecovery.org or 706-428-2127.

Note - All Company information and answers to this survey will be CONFIDENTIAL, and will only be seen and used by CARE’s Executive Director Georgina Sikorski and Operations Manager Jeremy Stroop.

All data collected will be reported to outside agencies in the aggregate, thus removing any references to individual companies.

Thank you
Georgina Sikorski
Executive Director
Carpet America Recovery Effort (CARE)

1. Of your total employees how many are associated with the diversion/recycling of post-consumer carpet? ________________________________

2. Please select the type of company from the list below, based upon the descriptions provided. If your company performs more than one function, check all boxes that apply.
   - Collector – A company that consolidates and temporarily stores recovered commercial and/or residential carpet.
   - Sorting Facility – A facility that segregates collected carpet into the various backing types (PVC, SBR Latex, etc.) and/or fiber types (e.g., Nylon 6, Nylon 6.6, Polypropylene and Polyester).
   - Processor – A company or facility that receives post-consumer carpeting (whether handled by a sorting facility or brought directly by a collector) and processes it for use as a feedstock in a manufacturing facility.
   - Manufacturer – A company or facility that utilizes processed carpeting materials and transforms them into other products, or uses them as raw materials in a manufacturing process.
To assist you in answering the next series of questions, please see the attached flow chart, definitions and example

**Carpet as Alternative Fuel (CAAF):** Fuel that has been produced from source-separated carpet and processed, including (1) extraction of components if at all possible; (2) size reduction, shredding, and/or blending with coal fines, etc.

**Cement Kiln:** Cement production facility that may use CAAF as a source of energy and/or as additives for cement production.

**Incineration:** Complete burning of material to ashes, with no energy recovery.

**Landfilling:** Landfilling includes the placement of post-consumer carpet and/or the residuals from a post-consumer carpet management method into a landfill disposal facility.

**Reuse:** Refurbishing and donating/selling recovered carpet back into the market for its original intended use. The reuse of recovered carpet retains the original purpose and performance characteristics of the carpet.

**Waste-to-Energy:** Process of recovering thermal energy from MSW through combustion.
Example: A recycling business person collects 1 million lbs of carpet. The recycler sorts and shears this material and sends it to a processor. Along the way, some of the post-consumer carpet is reused, and some is not able to be recycled, for various reasons, and is either sent to a CAAF or a cement kiln facility, waste-to-energy, or the landfill. The recycler tracks the amount of material as it progresses through the process.

For this example, the recycler would answer the next questions as follows:

**Collected 1 Million lbs of post-consumer carpet, of which:**
- 900,000 lbs sent to Sorting Facility
- 50,000 lbs sent to Waste-to-Energy
- 10,000 lbs were reused
- 40,000 lbs went to Landfill

900,000 lbs of post-consumer carpet was available for sorting:
- 700,000 lbs went to the Processor
- 100,000 lbs were reused
- 0 lbs went to CAAF or cement kiln
- 50,000 lbs went to waste-to-energy
- 50,000 lbs went to the landfill

700,000 lbs of post-consumer carpet was available for Processing:
- Produced 210,000 lbs of sheared material
- 100,000 lbs went to CAAF or cement kiln
- 100,000 lbs went to waste-to-energy
- 290,000 lbs went to the landfill

Using the example to help you, please answer the following questions:

3a. If you are a collector please indicate how many pounds of post-consumer carpet you have collected: ________________________________

3b. Of the post-consumer carpet that you have collected how much of it was:
(Please ensure the total volumes equal amount collected)
- Reused ____________________________________________
- Sent to a Sorting Facility ____________________________
- Sent to Waste-to-Energy ____________________________
- Sent to an Incinerator __________________________________
- Sent to the Landfill ________________________________
4a. If you are a sorting facility please indicate how many pounds of post-consumer carpet you received from a collector: (you may have collected the material yourself or you may have received collected material from someone else)______________________________
____________________________________________________________________________

4b. If you are a sorting facility, please indicate how many pounds of post-consumer carpet you have: (Please ensure the total volumes equal amount sorted)

- Reused
- Sent to a Processor
- Sent to CAAF Facility
- Sent to Cement Kiln
- Sent to Waste-to–Energy
- Sent to an Incinerator
- Sent to the Landfill

4c. For the sorting facility, indicate the percentage of post-consumer carpet that you handle by fiber type:

- Note - Total must equal 100%
- N66
- N6
- PP
- PET
- Other

5a. If you are a processor please indicate how many pounds of post-consumer carpet you have received from a sorting facility: (you may have sorted the material yourself or you may have received sorted material from someone else) _____________________________
____________________________________________________________________________

5b. If you are a Processor, please indicate how many pounds of post-consumer carpet you have: (Please ensure total volumes equals amount processed)

- Reused
- Processed (i.e. Shredded, sheared, hammermilled)
- Sent to a CAAF Facility
- Sent to Cement Kiln
- Sent to Waste-to–Energy
- Sent to an Incinerator
- Sent to the Landfill

6a. If you are a manufacturer please indicate how many pounds of post-consumer carpet you received from a processing facility: (you may have processed the material yourself or you may have received processed material from someone else) _____________________________
____________________________________________________________________________
6b. If you are a Manufacturer, please indicate how many pounds of processed post-consumer carpet material you have: (Please ensure total volumes equal amount manufactured)

Manufactured (see Question 6b) ________________________________
Sent to CAAF Facility __________________________________________
Sent to Cement Kiln ____________________________________________
Sent to Waste-to-Energy _________________________________________
Sent to Incinerator _____________________________________________
Sent to the Landfill ____________________________________________
Sent to another Manufacturer/Feedstream __________________________

6c. If you are a manufacturer, please indicate pounds of post-consumer carpet material used in the production of:

Engineered Resins _____________________________________________
Molded/Extruded Products _______________________________________
Carpet Fiber _________________________________________________
Carpet Backing _______________________________________________
Filler for Carpet or other Products _______________________________
Carpet Cushion ______________________________________________
Other (please specify) __________________________________________

US Regional map
7. To the extent known, identify what percent of the material received came from each geographic area:

Note - Totals must equal 100%

Northeast _________________________________________________________________
Southeast __________________________________________________________________
Midwest __________________________________________________________________
Southwest (excluding California) ____________________________________________
Northwest (including Alaska and Hawaii) ____________________________________
California __________________________________________________________________
Canada ___________________________________________________________________

8. To the extent known, please indicate the percentage of the output from your facility that is sent to customers in the U.S. versus customers overseas. Answers should total to 100%.

US _______________________________________________________________________
Mexico ___________________________________________________________________
Canada __________________________________________________________________
Europe ___________________________________________________________________
Asia _____________________________________________________________________
Other/Unknown ____________________________________________________________

9. Indicate areas where CARE has provided support that would help your business:

- CARE Entrepreneur Meeting
- CARE monthly entrepreneur calls
- CARE Annual Conference
- CARE Annual Report
- Presentations to Local Governments
- Research on Separation Technology
- Research on Processing Equipment
- Facilitate Meetings with Other Carpet Recyclers
- Additional Research on Regional Carpet Recycling Levels
- End Product Development
- Other (please specify) _________________________________________________

10. Indicate areas where CARE should provide support that would help your business:

- Extended Producer Responsibility (EPR) Legislation
- Presentations to Local Governments
- Research on Separation Technology
- Research on Processing Equipment
- Facilitate Meetings with Other Carpet Recyclers
- Additional Research on Regional Carpet Recycling Levels
- End Product Development
- Other (please specify) _________________________________________________
I affirm that the answers provided in this survey are accurate and complete to the best of my knowledge.

Print Name _________________________________________________________________

Company and Contact Information

11. Name: ____________________________________________________________________

   Company: ___________________________________________________________________

   Address: ___________________________________________________________________

   Address 2: __________________________________________________________________

   City/Town: __________________________________________________________________

   State: ______________________________________________________________________

   Zip Code: ___________________________________________________________________

   Country: _____________________________________________________________________

   Email Address: __________________________________________________________________

   Phone Number: __________________________________________________________________
Appendix 2

CARPET AMERICA RECOVERY EFFORT, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

MOREHOUSE GROUP
CERTIFIED PUBLIC ACCOUNTANTS
DALTON, GEORGIA

To the Members
Carpet America Recovery Effort, Inc.
Dalton, Georgia

We have compiled the accompanying Statement of Financial Position of Carpet America Recovery Effort, Inc., (a non profit corporation), as of December 31, 2010 and 2009, and the related Statement of Activities for the years ended December 31, 2010 and 2009. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the Statement of Cash Flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and Statement of Cash Flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Carpet America Recovery Effort, Inc.

Morehouse Group
Certified Public Accountants
January 17, 2011
## CARPET AMERICA RECOVERY EFFORT, INC.
### STATEMENTS OF FINANCIAL POSITION
#### AS OF DECEMBER 31, 2010 AND 2009

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<tr>
<th>ASSETS</th>
<th>Current Year</th>
<th>Prior Year</th>
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<td>Cash- Alliance</td>
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<th>LIABILITIES AND MEMBERS’ EQUITY</th>
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<td>Total Liabilities &amp; Members’ Equity</td>
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See Accountants’ Report
CARPET AMERICA RECOVERY EFFORT, INC.
STATEMENTS OF ACTIVITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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<th>REVENUES</th>
<th>Current Year Actual</th>
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<td>Office Supplies</td>
<td>515</td>
<td>888</td>
</tr>
<tr>
<td>Meeting Supplies</td>
<td>561</td>
<td>0</td>
</tr>
<tr>
<td>Opportunities-CARE Positioning</td>
<td>1,100</td>
<td>0</td>
</tr>
<tr>
<td>Staff Education</td>
<td>50</td>
<td>22</td>
</tr>
<tr>
<td>Taxes &amp; Licenses</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>4,313</td>
<td>731</td>
</tr>
<tr>
<td>Salaries &amp; Benefits - In-Kind</td>
<td>43,663</td>
<td>64,537</td>
</tr>
<tr>
<td>Salaries/Consulting Fees</td>
<td>179,138</td>
<td>185,399</td>
</tr>
<tr>
<td>Interim Executive Director Exp</td>
<td>0</td>
<td>89</td>
</tr>
<tr>
<td>Facilities/G&amp;A Exp - In-Kind</td>
<td>14,820</td>
<td>24,483</td>
</tr>
<tr>
<td>Depreciation</td>
<td>989</td>
<td>988</td>
</tr>
<tr>
<td>Board Member Expenses</td>
<td>7,926</td>
<td>10,714</td>
</tr>
<tr>
<td>Marketing/Trade Shows</td>
<td>10,549</td>
<td>5,130</td>
</tr>
<tr>
<td>Market Research</td>
<td>16,000</td>
<td>0</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>32,103</td>
<td>19,175</td>
</tr>
<tr>
<td>CARE Annual Meeting</td>
<td>47,598</td>
<td>37,104</td>
</tr>
<tr>
<td>Annual Report</td>
<td>4,415</td>
<td>29,195</td>
</tr>
<tr>
<td>Board Meetings</td>
<td>3,493</td>
<td>351</td>
</tr>
<tr>
<td>Entrepreneur Expenses</td>
<td>13,376</td>
<td>11,614</td>
</tr>
<tr>
<td>Strategy Meeting</td>
<td>0</td>
<td>16,447</td>
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<tr>
<td>MOU Expenses</td>
<td>52,076</td>
<td>0</td>
</tr>
<tr>
<td>Accounting Expense</td>
<td>5,151</td>
<td>5,600</td>
</tr>
<tr>
<td>Admin</td>
<td>3,145</td>
<td>2,054</td>
</tr>
<tr>
<td>Telephone</td>
<td>2,721</td>
<td>2,309</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>473,454</strong></td>
<td><strong>471,303</strong></td>
</tr>
</tbody>
</table>

| Revenues Over (Under) Expenses                  | $ 19,895            | $ 32,853          |
California Report, 2010

Beginning in 2010, CARE will be reporting the diversion and recycling of carpet from California landfills. This report will set the baseline for AB 2398 Annual Reports. According to AB 2398:

• CARE is the Carpet Stewardship Organization for the carpet industry until April, 2015. In that role, CARE is responsible for:
  - Submitting a carpet stewardship plan to the California Department of Resources, Recycling and Recovery (CalRecycle) and for reporting results achieved annually in a report to CalRecycle, beginning in 2013.
  - Collecting the carpet stewardship assessment
  - Negotiate performance goals with CalRecycle
  - Distribute the carpet assessment funds to recipients
  - Measure and report performance through an annual report to CalRecycle
• The law requires CARE demonstrate to the department that it has achieved continuous meaningful improvement in the rates of recycling and diversion and other specified goals in order to be in compliance.

What follows are diversion and recycling results specifically for the state of California.

Key Results for California, 2010

Of the respondents to the CARE Annual Survey, 15 businesses reported that they diverted, recycled and/or manufactured products from carpet that was discarded in California in 2010.

Diverted carpet from California represented 30.5% of all carpet diverted in the US in 2010 (see Figure 11)

Diversion and Recycling Results for California, 2010

Estimate of Carpet Discards for California

This is the first year for breaking out California data. For 2010, we used an estimate of carpet discards in California, based on the US discards, multiplied by 12%, the percent of the US population in California. Thus the formula for calculating the amount of carpet discarded in California is: US Carpet Discards x 0.12 = 410.7 Million lbs.

For 2010, there were 46.7 million lbs. of post-carpet carpet diverted from California landfills, or 11.4% of total carpet discards. Of this, 28.6 million lbs. of carpet was recycled, or 7% of the total discards.
Table 1: Comparison of Post-Consumer Recycling and Diversion to amount of carpet discarded in California, 2010

<table>
<thead>
<tr>
<th>Year 2010</th>
<th>Millions of Pounds Discarded</th>
<th>Millions of Pounds Recycled</th>
<th>Percent of Total Discards</th>
<th>Millions of Pounds Diverted</th>
<th>Percent of Total Discards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>410.7</td>
<td>28.6</td>
<td>7%</td>
<td>46.7</td>
<td>11%</td>
</tr>
</tbody>
</table>

Reuse and Recycling of Post-Consumer Carpet Accounts for 61.5% of Total Diversion in California

Table 2: Breakdown of 2010 Diversion and Recycling of Post-Consumer Carpet in California, 2010

<table>
<thead>
<tr>
<th>California Results, 2010</th>
<th>Millions of lbs</th>
<th>As % of Total Diversion</th>
<th>As % of Total Discards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reused</td>
<td>0.1</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Recycled</td>
<td>28.6</td>
<td>61.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>TOTAL Reused and Recycled</td>
<td>28.7</td>
<td>61.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Alternative Fuel Cement Kilns</td>
<td>0.1</td>
<td>0.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Waste-to-Energy</td>
<td>16.2</td>
<td>34.6%</td>
<td>3.9%</td>
</tr>
<tr>
<td>TOTAL Diverted</td>
<td>46.7</td>
<td>100.0%</td>
<td>11.4%</td>
</tr>
<tr>
<td>TOTAL Discards</td>
<td>410.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The data in Table 2 show that for 2010, all of diverted carpet went into reuse, recycling, alternative fuel cement kilns and waste-to-energy, with over 61% of the diversion occurring through recycling. Note that while none of the diverted carpet was sent to cement kilns in California, some carpet diverted from California landfills may have been processed in other states where there are cement kilns.
Engineered Resins are the Most Common End Product Manufactured from Recycled California Carpet

In California, 46 percent of the post-consumer carpet is recycled into engineered resins. 34% of the post-consumer carpet went into new carpet, and 17% was used to produce carpet cushion.
Conclusions, Carpet Diversion and Recycling in California, 2010

- In 2010, California accounted for 30.5% of all carpet diverted in the US.
- California diverted 46.7 Million lbs. of carpet, of which 28.6 Million lbs. was recycled.
- The diversion rate for California was 11.4% and the recycling rate was 7%.
- Comparable to the US data, the majority of the carpet recycled in California was used to make engineered resins.
Established in 2002, CARE as a 501 (C) 3 non-profit organization, Carpet America Recovery Effort (CARE) is a joint industry-government effort to increase the amount of recycling and reuse of post-consumer carpet and reduce the amount of waste carpet going to landfills. CARE was established as a result of a Memorandum of Understanding for Carpet Stewardship (MOU), a national agreement signed by members of the carpet industry, representatives of government agencies at the federal, state and local levels, and non-governmental organizations.

CARE Board of Directors, 2011

Paul Ashman – Environmental Recovery Consolidation Services (ERCS)
Larry Cook – Beaulieu of America
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Ron Greitzer – Reliance Carpet Cushion
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Carpet America Recovery Effort

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