



May 26, 2011

To our fellow Californians:

As many of you are aware, California Assembly Bill #2398, also known as the “Carpet America Recovery Effort” (C.A.R.E.) goes into effect on July 1, 2011. The mandates of this bill require that each carpet manufacturer must add an assessment of \$.05 per square yard upon the purchase price of all carpet sold in the State of California. This assessment must be invoiced as a separate line item and not added to the price of the carpet. Each manufacturer will be responsible to pay the revenues obtained by this assessment to the C.A.R.E. organization, in order to assist in achieving improvements in landfill diversion and recycling of post consumer carpet.

As it relates to your future carpet purchases, this \$.05/yard surcharge will apply to all orders shipping to California. Beginning July 1, 2011, all invoices will carry a separate line item calculation called “CA Carpet Stewardship Assessment”. Payment of this surcharge is mandatory by law, and is not negotiable.

AB2398 also mandates that each retailer must pass this \$.05 assessment on to the purchasing consumer. Please read more about this issue at [www.carpetrecovery.org](http://www.carpetrecovery.org), and view frequently asked questions at [http://carpetrecovery.org/pdf/AB2398/AB2398\\_Retailer\\_Dealer\\_FAQ.pdf](http://carpetrecovery.org/pdf/AB2398/AB2398_Retailer_Dealer_FAQ.pdf).

As a matter of record, Royalty and Camelot are in full compliance with the terms of AB2398; you will find our name listed as a partner company at <http://carpetrecovery.org/partnerships.php>.

Sincerely,

Mike Derderian  
President