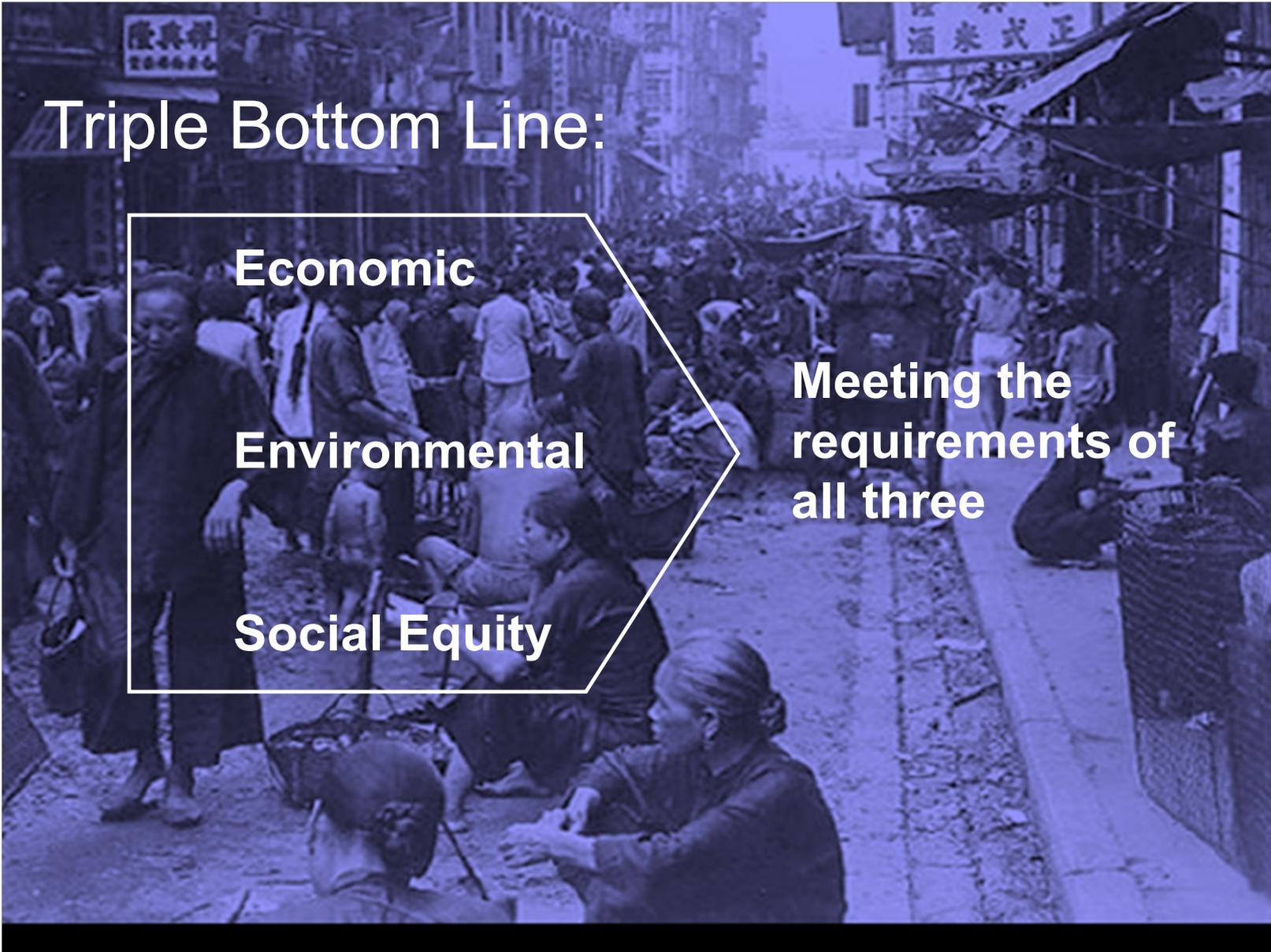




Sustainability at Beaulieu Group

September 10, 2010



Triple Bottom Line:

Economic

Environmental

Social Equity

**Meeting the
requirements of
all three**

Why Does Beaulieu Support Sustainability?

Reduce cost

Reduce risk

Increase competitive differentiation

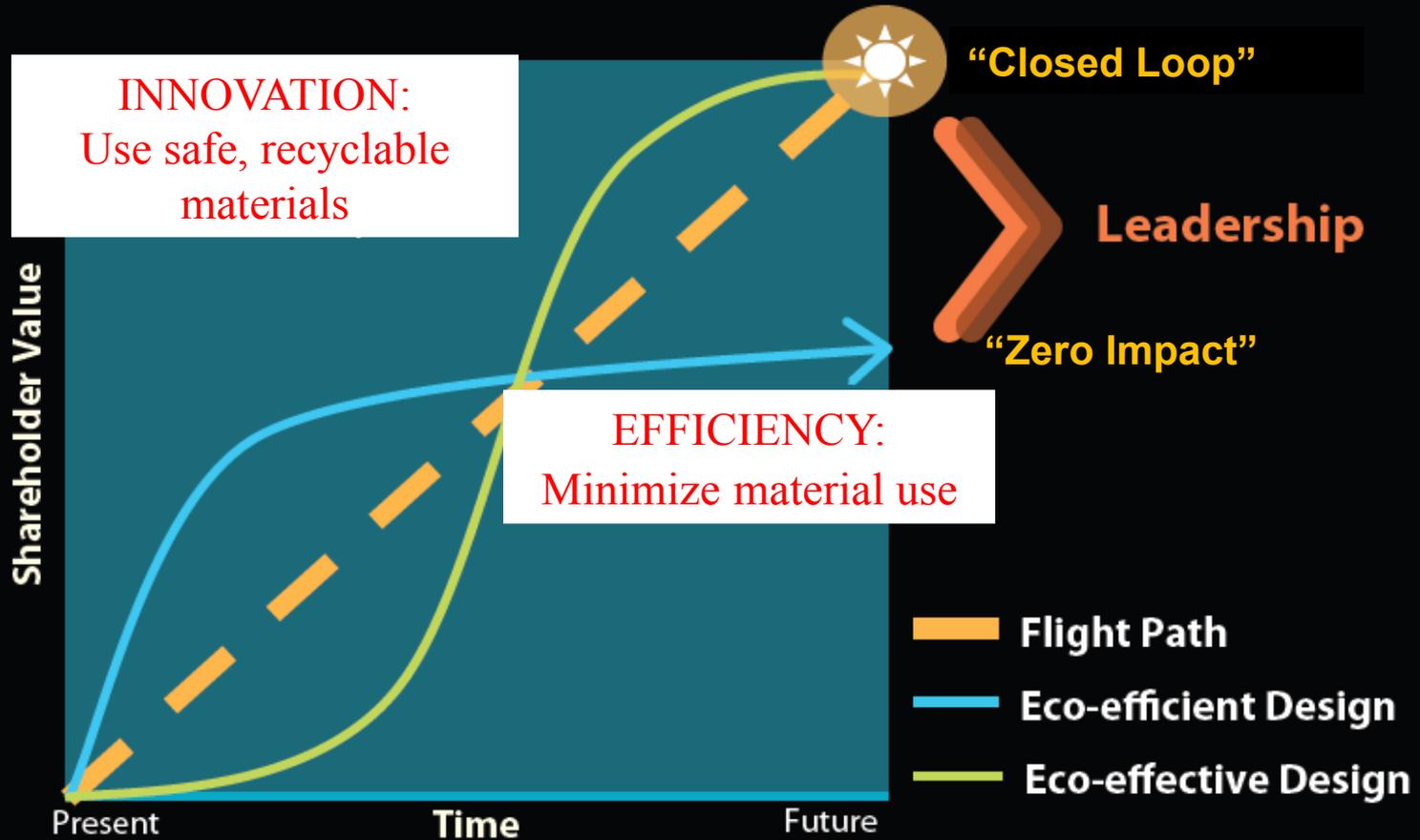
Support investment in technology & innovation

Accelerate the pace of change

Help to mold the regulatory landscape

Realize business value of the triple bottom line

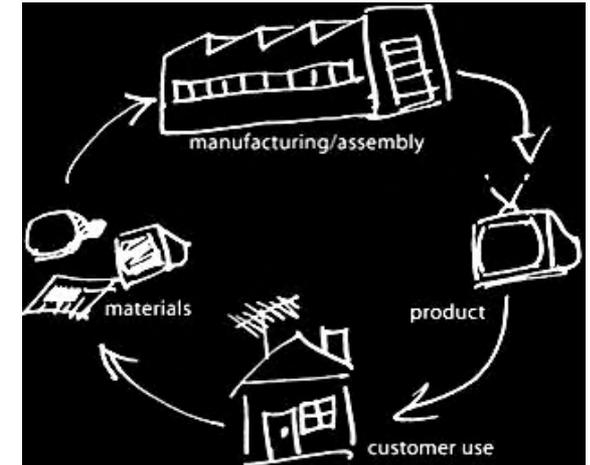
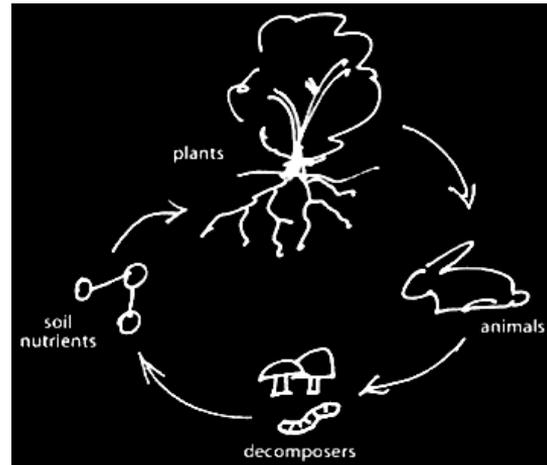
Concurrent Efficiency and Innovation Gains



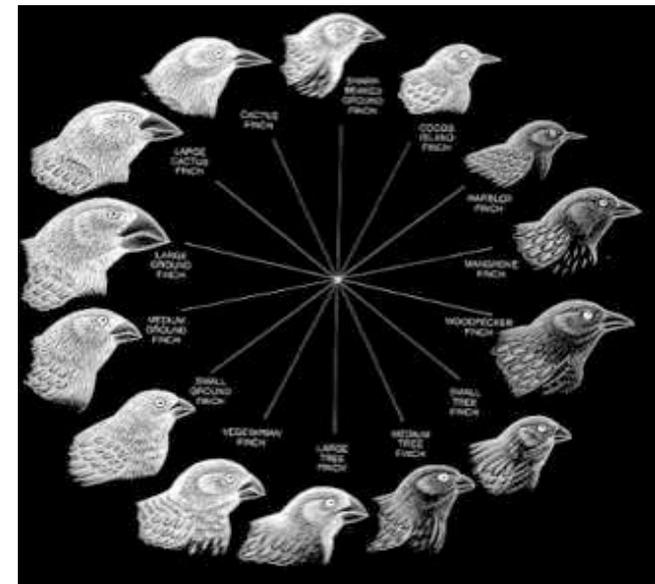
Closing the loop through:

Nature's Design Principles

Waste equals food



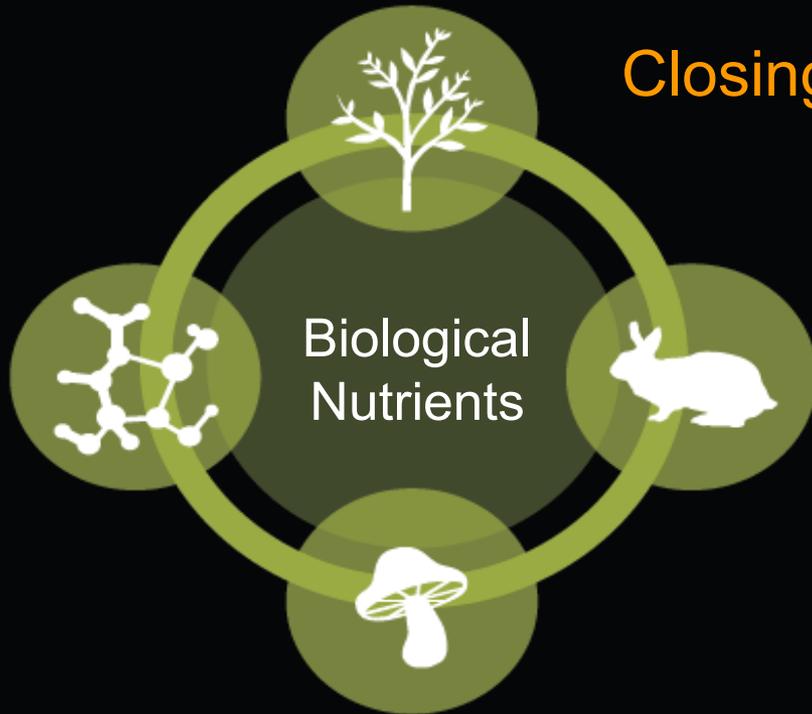
Use current solar income



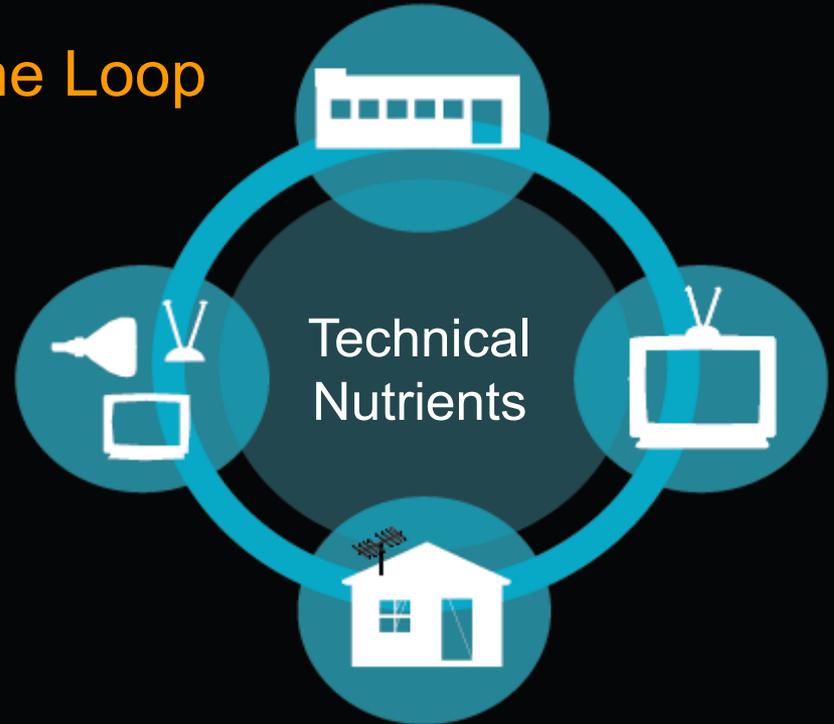
Celebrate diversity

Organic vs. Technical Path

Closing the Loop



Biological
Metabolism



Technical
Metabolism

Operational Evolution

- 1. Current
(Unsustainable)**
- 2. Transitional
(Efficiency)**
- 3. Closed-loop
(innovation)**

Leading to increasing levels of sustainability, producer responsibility...and profitability.

Beaulieu Environmental Vision

- ***Walk the talk.*** Use materials, resources, and processes that reduce or eliminate the risk of pollution and return waste to raw material use.
- ***Act, measure, monitor, and improve.*** Ensure continuous compliance with all environmental laws and regulations, benchmark environmental performance, and measure progress on annual targets.
- ***Seek sustainable growth.*** Use economy, ecology, and social equity filters to evaluate and prioritize investments in technology and innovation that result in profitability, environmental sustainability, and workplace excellence.
- ***Make sustainability everyone's job.*** Make sure that all employees are provided appropriate environmental training and encourage their input on all environmental programs.
- ***Earn the right to operate.*** Verify environmental marketing claims through scientific standards and/or third-party certifications and make the information transparent and accessible.
- ***Act with urgency, but plan for generations.*** Plan for the near and long-term benefit our employees and shareholders, the communities where we operate, our customers, and global stakeholders.
- ***Change the world, not just the copy.*** Be the employer and supplier of choice in the carpet industry through practical, understandable, honest, and transparent actions that promote a culture of sustainability.

Companywide Program

- Senior Management Support
- Commitment to Continuous Compliance
- ISO14001 Compliant EMS
- Companywide Environmental Metrics
- Technology and Innovation Push
- Goals:
 - 10% reduction in energy intensity
 - 10% reduction in greenhouse gas emissions
 - 12% reduction in solid waste
 - 7% reduction in water use

Commercial Focus

- 2005-2009 Reductions (per unit production)
 - Solid waste -32%
 - Water - 21%
 - Energy -19%
- Best Practices
 - 100% commercial electrical energy offset with green tags
 - Nexterra tile MBDC C2C Certification
 - Nexterra ISO14001 Certification through NSF
 - Envirochoice New Zealand Certification

Commercial Focus

- Innovation
 - Avarar SD nylon with 25% preconsumer content (certified by NSF)
 - GreenSmart SD polyester with 50% postconsumer content (certified by NSF)
 - 20% reduction in latex compounding water through capture of stormwater
 - Nexterra carpet tile backing with 53% minimum recycled content from postconsumer polyester and glass (certified by NSF)
 - Transitions SD nylon yarns made with 100% nylon color change-over waste

Commercial Focus

- Innovation (cont.)
 - TacFast adhesive-free carpet tile system allows easy face fabric changes over multiple generations while backing stays on the floor
 - Puralex safe, effective, nontoxic odor reduction feature improves indoor air quality (Magic Fresh in residential carpet)
 - Fiber cushion with 30% preconsumer and 70% postconsumer recycled content

Future

- Commercial scaling of Nexterra tile post-consumer recycling unit to meet timeline of uplifts.
- NSF140 Broadloom certification 2011
- First Beaulieu Sustainability Report 2011
- New environmental website launch 2011
- Increased capacity to recycle postconsumer broadloom carpet.
- Closing the loop on PET carpets
- Closing the loop on Nexterra carpet tiles with improved PET yarns.
- Continued movement in technology and innovation toward transitional and close-loop products and processes.