April 2, 2012

NOTICE

TO: Plastic Market Development Payment Program Participants

SUBJECT: PMD Payment Funding For Calendar Years 2012 and 2013

Public Resources Code (PRC) Section 14581(a)(9) authorizes the Department of Resources Recycling and Recovery (CalRecycle) to expend up to $10 million each calendar year until January 1, 2017, for the Plastic Market Development (PMD) payment program.

Effective January 1, 2012, new statutory authority (AB1149, Gordon, Chapter 486, Statutes of 2011) allows CalRecycle to allocate to PMD payments up to 50 percent of anticipated plastic processing payments savings (when the processing payment levels fall from one year to the next). CalRecycle has determined that an additional $10.6 million is available for PMD payments, which must be expended by December 31, 2013. CalRecycle will divide the $10.6 million PMD allocation equally between calendar years (CY) 2012 and 2013.

Thus, for CY 2012 and 2013, CalRecycle will expend up to $15.3 million ($10 million annual appropriation, plus $5.3 million processing payment savings) for PMD payments. To ensure that all eligible participants will have an opportunity to receive PMD payments throughout the year, CalRecycle will allocate $3.825 million per quarter (see table below).

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>1st Quarter (million)</th>
<th>2nd Quarter (million)</th>
<th>3rd Quarter (million)</th>
<th>4th Quarter (million)</th>
<th>Total (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$15.3</td>
</tr>
<tr>
<td>2013</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$3.825</td>
<td>$15.3</td>
</tr>
</tbody>
</table>

If you have any questions regarding this notice, please contact Hieu Le at (916) 323-1493 or Hieu.Le@calrecycle.ca.gov.

Sincerely,

Mike Miller
Branch Manager
Recycling Program Operations