



Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) shall be responsible for reviewing and making decisions under a delegation of authority from the Board of Directors with respect to compensation, including salaries, bonuses, equity-based awards, and other benefits for executive officers of Mohawk Industries, Inc. (the “Company”). In performing this function, it shall be the objective of the Committee to: (i) encourage the achievement of the Company’s long-range objectives by providing compensation which directly relates to the performance of the individual and the achievement of internal strategic objectives; (ii) establish compensation policies and guidelines that will attract, motivate and retain qualified personnel through an overall level of compensation opportunity that is competitive within the Company’s industry; and (iii) promote a direct relationship between compensation and the Company’s performance by facilitating executive officer stock ownership through restricted stock and stock option awards.

Composition of the Committee

The members of the Committee shall be independent directors meeting the requirements of the New York Stock Exchange and appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee. At least two of the directors appointed to serve on the Committee shall be “non-employee directors” (within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended) and “outside directors” (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder). The Chairman of the Committee shall be designated by the Board of Directors. In the absence of the Chairman, the members of the Committee may designate a chairman by majority vote. The Board of Directors may at any time remove one or more directors as members of the Committee. The Committee may delegate any of its authority and responsibilities set forth below to a subcommittee of members of the Committee designated by the Chairman of the Committee.

Authority and Responsibilities

The Committee is authorized to fix the compensation of executive officers of the Company, to establish and administer the annual incentive plan or plans applicable to executive officers of the Company and to administer the equity incentive plans of the Company as may from time to time be acquired or adopted (all such plans collectively “Incentive Plans”). To that end, the Committee shall have and may exercise all the powers and authority of the Board of Directors to the extent permitted under Section 141 of the Delaware General Corporation Law.

To the extent permitted by Delaware law, the Committee may delegate to one or more officers of the Company the power (i) to designate the officers and employees of the Company or any of its subsidiaries who will receive grants of restricted shares, restricted share units or

options to purchase from the Company shares of the Company's capital stock, and (ii) to determine the number of restricted shares, restricted share units or options to be received by them. Such delegation must be made by a resolution that specifies the total number of restricted shares, restricted share units or options that may be granted under the delegated authority, and no officer may be delegated the power to designate himself or herself as a recipient of restricted shares, restricted share units or options.

The Committee has the sole authority to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including the factors specified in Section 303A.05(c) of the NYSE Listed Company Manual.

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee and shall have sole authority to approve the adviser's fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

The Committee is responsible for making decisions with respect to the Company's executive compensation policies. In addition, pursuant to authority granted by the Board of Directors, the Committee shall review and approve on an annual basis the corporate goals and objectives relevant to the compensation to be paid to the Chief Executive Officer and each of the other executive officers of the Company.

The Committee shall:

1. Annually evaluate the performance of the Chief Executive Officer in light of the corporate goals and objectives approved and determine and approve the CEO's compensation level based on this evaluation. In determining the incentive components of CEO compensation, the Committee may consider a number of factors, including, but not limited to, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years;
2. Annually review and approve base salary and incentive bonus levels of the other executive officers of the Company, as such are recommended to the Committee by the Company's Chief Executive Officer;
3. Review and approve, periodically and as and when appropriate, the following as they affect the executive officers: (i) all other incentive awards and opportunities, (ii) any employment agreements and severance arrangements, (iii) any change-in control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (iv) any special or supplemental compensation and benefits for the executive officers;
4. Review Company compensation policies and practices, and consider potential impact on risk to the Company;

5. Administer the Company's Incentive Plans, as well as any other stock option, stock purchase, incentive or other benefit plans of the Company, fulfilling such duties and responsibilities as are set forth in such plans;
6. Review and approve awards pursuant to delegated authority under the Company's Incentive Plans, as such are recommended to the Committee;
7. Review and discuss the Compensation Discussion and Analysis (CD&A) required to be included in the Company's proxy statement and annual report on Form 10-K with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included;
8. Produce an annual report on executive compensation for inclusion in the Company's proxy statement for the annual meeting of stockholders, in accordance with applicable rules and regulations;
9. Periodically review the Company's director compensation program and provide suggestions for changes, if any, to the full Board for approval;
10. Make regular reports to the Board of Directors concerning the activities of the Committee; and
11. Perform an annual performance evaluation of the Committee.

Committee Meetings

The Committee shall meet at least two times per year. One such meeting shall be held at a time when the Committee can review and recommend annual base salary and incentive awards as described above. The other meetings shall be held at the discretion of the Chairman of the Committee, or as recommended by the Chief Executive Officer. Minutes of each of these meetings shall be kept. The Chief Executive Officer will function as the management liaison officer to the Committee.