

The long-term outlook for our industry is solid, and we are well-positioned for a resumption of economic growth and flooring demand.

Mohawk is Ready.

MOHAWK INDUSTRIES, INC. 2010 ANNUAL REPORT



To Own the Industry's Soft Spot

Consumers cite softness as one of the most important considerations when purchasing carpet. Mohawk delivers on this desire through an extensive portfolio of soft fibers. Our SmartStrand® triexta, Wear-Dated DuraSoft® and Wear-Dated® nylons and extra plush polyester fibers offer consumers a range of choices to ensure softness under foot.

To Reveal A New Look

Dal-Tile has added even greater depth to its product line through its industry-leading Reveal Imaging™ manufacturing technology. This printing process reproduces with precision the natural color, detail and veining of stone on porcelain tile. The resulting beautiful stone look has the durability and ease of maintenance that porcelain tile delivers.





To Get Edgier

Laminate flooring offers consumers the beauty of hardwood with easy maintenance. Through our Quick-Step®, Mohawk® and Columbia® lines, Unilin has once again introduced a new level of innovation to the laminate category with GenuEdge™ Technology. This revolutionary new process enables the printed design to roll over the edge of a flooring plank to create an unmatched realistic look with enhanced maintenance features.

To Capitalize on the World's Largest Flooring Markets

Mohawk sees a world of opportunity in our future. We are making strategic investments in some of the world's most attractive flooring markets such as Mexico, Russia and China. The Chinese ceramic tile market, which is estimated to be 30 times larger than the United States market, offers a particularly significant expansion opportunity.



Same TOUGH CARPET

6 TIMES THE CHALLENGE



If you have the QR Reader application on your smart phone, scan our QR code here for more information on the SmartStrand® promotion.

To Introduce Breakthrough Merchandising

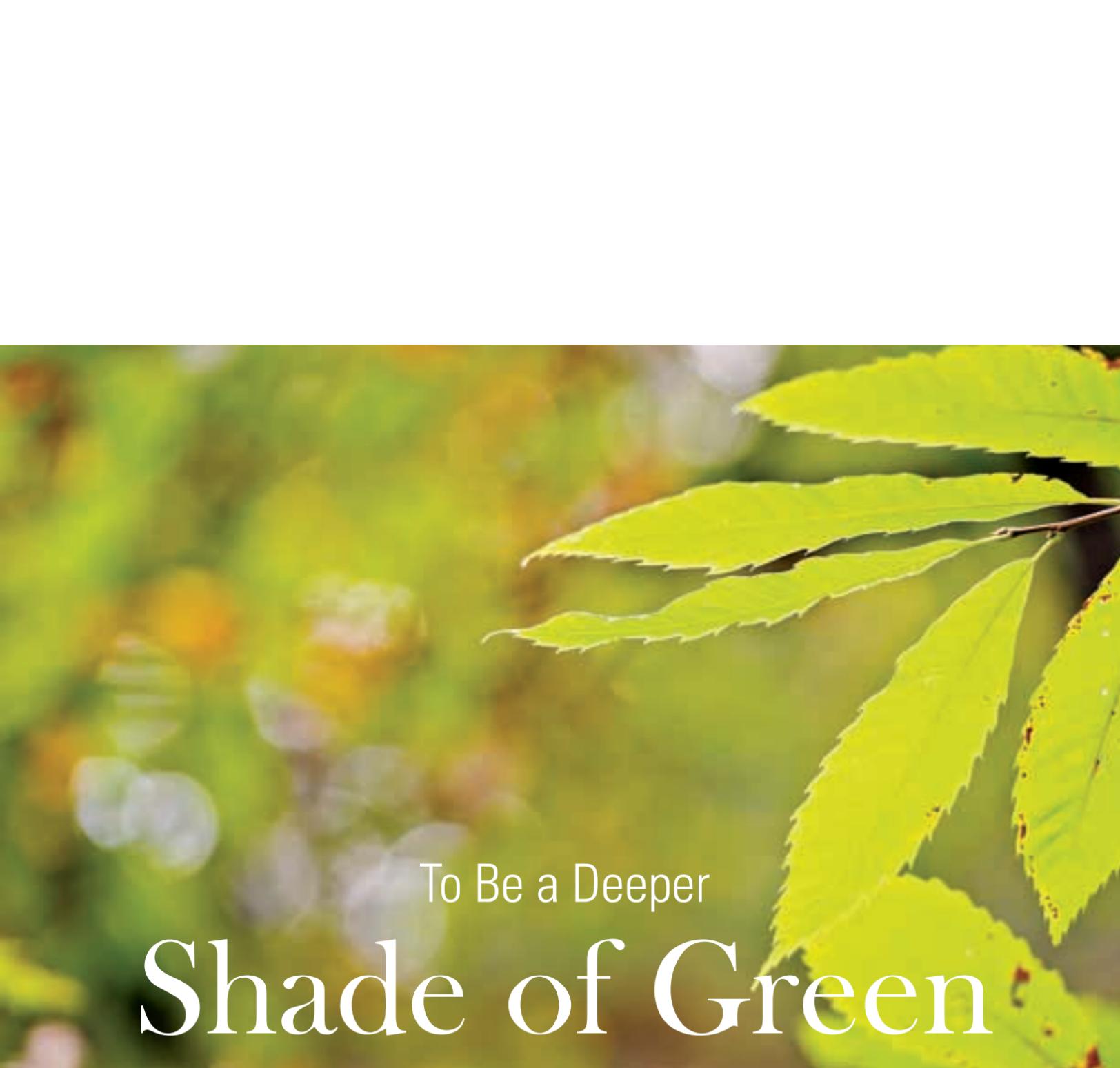
When Mohawk tested the resilience, stain resistance and durability of its SmartStrand® carpet in the Dallas Zoo's African elephant exhibit, brand marketers realized that most consumers would not visit the zoo personally. To reach these consumers, Mohawk included QR codes in its SmartStrand® point-of-purchase materials. These matrix barcodes provide users with a "quick response" to gain more information about products. A simple scan of the code with a smart phone takes shoppers to a website to see the exhibit and learn more about how SmartStrand® held up against the elephants.

To Execute at a Higher Level



When sustained economic growth returns and flooring demand rebounds, Mohawk will be in great shape to meet our customers' needs. Our investments in technology systems, talent development, product innovation, realigned manufacturing capacity and improved processes have led to a leaner, smarter and more technologically advanced company that is well-positioned to increase sales and expand margins. Many members of our U.S. workforce also will be in better shape thanks to investments in on-site healthcare clinics and the "Healthy Mohawk" wellness programs.





To Be a Deeper
Shade of Green

Mohawk is committed to creating a “greener” world through safe and sustainable products, as well as responsible business processes. Our portfolio features hundreds of products with environmentally friendly attributes. To drive further advances in our sustainable manufacturing philosophy, our Company also has established more rigorous resource conservation goals. Read more about Mohawk’s commitment to environmental and social responsibility in the Company’s online sustainability report at www.mohawksustainability.com.

To Enter a New Era of Growth

During the past two decades, Mohawk has made a series of strategic investments to expand surface offerings within its flooring portfolio and to extend its geographic presence. These investments have resulted in Mohawk's position as the world's largest flooring company ready to pursue more growth opportunities.



*1992-2000
12 major soft surface
acquisitions completed*

1992

1996

2000



*Dal-Tile acquisition
established leading ceramic
position and international
manufacturing operations*

2001

2002



*Unilin acquisition
established leading laminate
position and gave Mohawk
a European presence*

2003

2004

2005



*Columbia acquisition
established base in
hardwoods and added
manufacturing in Asia*

2006

2007



*Sanfi joint venture provided
entry into Chinese ceramic
tile market*

2009

2010



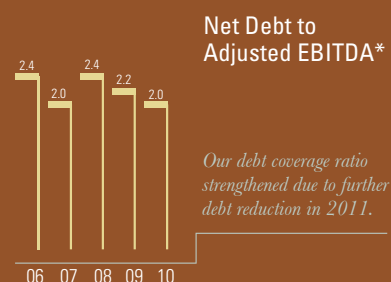
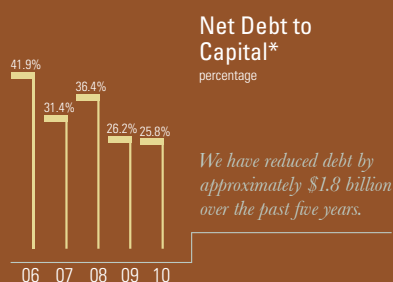
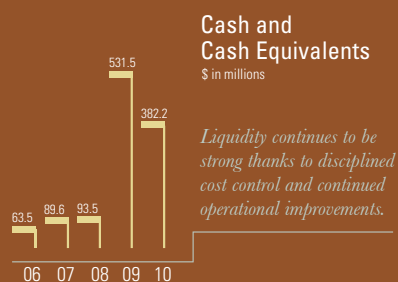
To Our Shareholders



Opportunities for expansion and growth are available and Mohawk is positioned to seize them. For the past decade, we have expanded our product offerings and enlarged our production and sales capacity through acquisitions and organic growth. In 2000, Mohawk was largely focused on manufacturing and distributing carpet in the United States. Today, Mohawk is the largest flooring company in the world, competing across multiple product categories on three continents. During the past ten years, we capitalized on one of the longest sustained housing booms and then weathered one of the worst economic downturns in history.

The Company has significantly expanded its operations while managing through sharply contrasting business cycles. We have achieved this through the disciplined execution of our business plan, which balances market responsiveness with cost consciousness; invests in product innovations and operational improvements; and seeks out new business opportunities. During 2010, our commitment to these principles was stronger than ever as we continued to improve our profitability in challenging market conditions while pursuing initiatives focused on long-term growth.

Residential and commercial markets in the United States remained weak in 2010 with commercial improving in the fourth quarter and continuing into the beginning of 2011. The European economy regained some strength, but sales increases were accompanied by increased raw material costs that



tempered margin expansion. Net sales in 2010 were \$5.3 billion, a slight decrease from 2009. Disciplined cost control and continued operational improvements resulted in net earnings of \$185 million in 2010. Mohawk generated \$320 million in net cash from operating activities during 2010.

Mohawk's balance sheet continues to serve us well and is a key asset to support strategic investments. Our cash position and liquidity remain strong with over \$500 million available in credit and cash following a \$300 million bond retirement in early 2011.

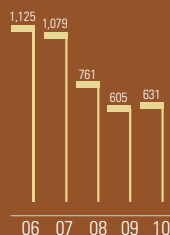
The Next Era of Growth

As 2011 begins, the U.S. flooring industry decline experienced over the past several years appears to have reached its low point. The U.S. economy is predicted to grow at a modest pace, reflecting sustained improvement in consumer confidence and increased business spending. Although U.S. housing activity remains low, forecasts anticipate improvement in home sales as the market begins to move toward a normalized level. Commercial remodeling is already growing as business investment increases with higher economic growth. Commercial construction should improve as indicated by the Architectural Billing Index, which is at its highest level in three years.

Longer term, we are confident that new home construction in the U.S. will return to healthier levels. Our future outlook is a wide-ranging one that encompasses flooring markets around the globe with attractive expansion opportunities. During the past year, we have focused our thinking increasingly around five strategic imperatives that will ensure that we are positioned and ready to capitalize on available opportunities and to maximize profitability as revenue growth resumes.

Consolidated Adjusted EBITDA*

\$ in millions



Ongoing expense control and working capital management enabled us to convert sales and revenues into strong cash flow.

**See page 15 for Non-GAAP Reconciliation*



Develop Talent to Drive Innovation

Innovation and new product introductions have been critical to driving sales and capturing additional market share in recent years. Investments in research and development are yielding considerable success. Our SmartStrand® carpet with DuPont™ Sorona®, for example, has become the top-rated brand for customer satisfaction since its debut in 2005.

An ongoing commitment to product innovation is supported by an equally strong commitment to develop a new generation of talent that is even more responsive to marketplace needs. Accordingly, we have instituted organizational changes, added strength to our management team and implemented new professional development programs – all with a goal of sustaining and enhancing our culture of innovation and continuous improvement.

Maximize Sales in Current Geographic Markets

Product innovation is but one of several means to grow share in existing markets. During 2010, we penetrated new product categories, including manufactured stone veneer, bamboo flooring and quartz countertops. We also worked to maximize sales by ensuring that our products effectively leverage distribution channels throughout their respective markets. For example, Unilin's laminate flooring, which has primarily been distributed through independent retailers, continues to expand its distribution through mass market, home improvement retailers in both North America and Europe.

Expand Into New High-Growth Markets

The acquisition of Unilin in 2005 not only marked our entry into manufacturing laminate flooring, but also provided us with our first

significant exposure to markets beyond North America. Unilin has proven to be an ideal vehicle to increase our knowledge of global operations as we move further into some of the more rapidly growing flooring markets around the world.

Unilin is broadening its own footprint by expanding into Russia. During 2010, we began construction of a production plant that is expected to be operational in 2011. This facility will support the growth of Quick-Step® laminate flooring sales in the expanding Russian laminate market.

Mexico is another attractive market in which we have had considerable experience; Dal-Tile has operated a manufacturing plant in Monterrey since 1955. The unit volume in the Mexican tile market is roughly the same as in the U.S., but it is more highly concentrated in the value segment. To meet this demand, Dal-Tile is constructing a new plant in Salamanca, near Mexico City, to supply products targeted to this much larger segment of the market. The Salamanca plant is targeted to begin production in mid-2012.

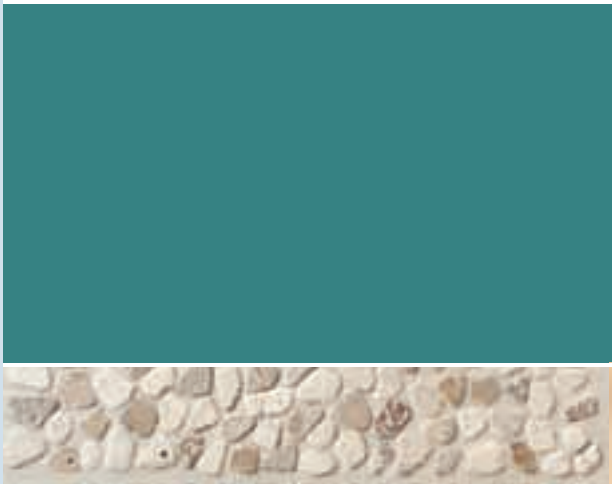
Mohawk's international expansion took another step forward in 2010 with an investment in Sanfi, a leading ceramic tile manufacturer in China. This investment allows us to participate in the world's largest and fastest-growing tile market. In addition to supplying in-country product, Sanfi also provides Dal-Tile with a source of value-added products for the North American market and a base for expansion to other areas of the world.

Going forward, we will continue to explore global opportunities that allow us to invest in premier businesses and brands and retain senior management talent. Investments that enable us to source product for the U.S. and international markets, leverage our own technology and processes or provide bolt-on businesses for select markets also will be considered.

Continuous Optimization of Resources

While our first three strategic imperatives are focused on driving top-line sales, the remaining two are intended to maximize bottom-line profitability. Since the market downturn began in 2006, we have focused on aligning infrastructure with volume, optimizing productivity and increasing efficiency to mitigate margin contraction and maximize cash flows. Our efforts have resulted in improved profitability. As sales volumes begin to improve, we should be able to leverage these efforts for higher operating margins.

Often, cost reduction is the result of what simply starts as a commitment to doing the right thing. Our "Healthy Mohawk" program is a good example and one that is providing significant benefits both to the Company and to the program's participants. After discovering that 40 percent of our U.S. employees had no primary care physician, we recognized an opportunity to make quality, affordable healthcare more accessible and to create incentives for our workforce to be as healthy as possible. We established on-site Healthy Life Centers at several major manufacturing facilities to provide services such as health risk assessments, monitoring of chronic conditions, access to healthcare coaches and free or reduced-cost prescriptions. The results have been impressive: average hospital stays for employees have trended down and costs related to several chronic conditions are down significantly. We are proud to invest in our people's health because each day they invest in the Company's success through their continued good work.





FIVE STRATEGIC IMPERATIVES:

1. DEVELOP TALENT TO DRIVE INNOVATION
 2. MAXIMIZE SALES IN CURRENT GEOGRAPHIC MARKETS
 3. EXPAND INTO NEW HIGH-GROWTH MARKETS
 4. CONTINUOUS OPTIMIZATION OF RESOURCES
 5. UPGRADE AND DEVELOP SYSTEMS TO IMPROVE EXECUTION AND CUSTOMER SUPPORT
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Upgrade and Develop Systems to Improve Execution and Customer Support

Advances in technology drive change that allows us to operate more efficiently and to compete more effectively. We continue to make significant investments in information technology systems across all operations, including supply chain management, human capital management, pricing and margin control, warehouse integration, transportation logistics and service center management. These state-of-the-art systems not only increase customer service and responsiveness, but also reduce our cost of sales. Technology support extends to our network of specialty retail customers for whom we are providing enhanced product ordering, consumer marketing and other transactional automation.

Mohawk Is Ready

We are confident that Mohawk is in an excellent strategic position to begin a new era of growth. Our geographic footprint, leading brands, strong market position and operational scale will help us capitalize on the many opportunities presented by the global flooring market. Moreover, we have learned to work smarter, using fewer resources and more ingenuity. As a result, we can better ensure that new growth is more profitable growth. To our stockholders, customers, suppliers and employees, I appreciate your support for helping to bring Mohawk to this point today and for where you will help us take Mohawk in the future.

Sincerely,



Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

Financial Highlights

(in thousands, except per share data)

Years Ended December 31,	2010	2009	2008	2007	2006
Net sales	\$ 5,319,072	5,344,024	6,826,348	7,586,018	7,905,842
Gross profit	1,402,600	1,232,230	1,737,764	2,114,784	2,231,311
Operating income (loss) ^(a)	314,169	43,730	(1,124,134)	750,106	839,060
Net earnings (loss) attributable to Mohawk Industries, Inc. ^{(a) (b)}	\$ 185,471	(5,499)	(1,458,228)	706,814	455,833
Basic earnings (loss) per share ^{(a) (b)}	\$ 2.66	(0.08)	(21.32)	10.37	6.74
Diluted earnings (loss) per share ^{(a) (b)}	\$ 2.65	(0.08)	(21.32)	10.32	6.70
Balance sheet data:					
Cash and cash equivalents (including restricted cash)	\$ 382,171	531,458	93,519	89,604	63,492
Receivables, net	614,473	673,931	696,284	821,113	910,021
Inventories	1,007,503	892,981	1,168,272	1,276,568	1,225,874
Total current assets	2,248,613	2,359,000	2,246,249	2,449,720	2,412,726
Property, plant and equipment, net	1,687,124	1,791,412	1,925,742	1,975,721	1,888,088
Goodwill and intangibles	2,046,521	2,196,470	2,247,284	3,969,208	3,879,733
Total assets ^{(a) (b)}	\$ 6,098,926	6,391,446	6,446,175	8,680,050	8,212,209
Accounts payable and accrued expenses	\$ 698,326	831,115	782,131	951,061	1,053,444
Total current liabilities	1,048,914	884,022	876,916	1,211,500	1,629,578
Long-term debt (including current portion)	1,653,582	1,854,479	1,954,786	2,281,834	2,783,681
Total stockholders' equity	3,271,556	3,200,823	3,153,803	4,707,357	3,715,263
Total liabilities and stockholders' equity	\$ 6,098,926	6,391,446	6,446,175	8,680,050	8,212,209
Cash flow data:					
Net cash provided by operating activities	\$ 319,712	672,205	576,086	880,395	785,021
Depreciation and amortization	296,773	303,004	295,054	306,437	274,952
Capital expenditures	156,180	108,925	217,824	163,076	165,769
Acquisitions	79,917	5,924	8,276	147,097	70,907
Working capital ^(c)	1,199,699	1,474,978	1,369,333	1,238,220	783,148
Changes in debt	(200,804)	(103,558)	(333,112)	(534,201)	(602,659)

The year 2010 consolidated financial statements and management's discussion and analysis of financial condition and results of operations are provided in the Company's 2011 Proxy Statement under Appendix A.

(a) In 2009, the Company recorded pre-tax charges related to: discontinued carpet tiles of \$133,492, business restructurings of \$61,725 and \$61,794 related to unusually high raw material costs incurred in the latter part of 2008, flowing through cost of sales in the first quarter of 2009.

(b) During 2007, the Company implemented a change in residency of one of its foreign subsidiaries. This tax restructuring resulted in a step-up in the subsidiary's taxable basis, which resulted in the recognition of a deferred tax asset of approximately \$245,000 and a related income tax benefit of approximately \$272,000. During 2008, the Company recorded a valuation allowance of approximately \$253,000 against the deferred tax asset described above.

(c) Working capital defined as current assets less current liabilities.

Reconciliation of Non-GAAP Measures

(in thousands)

Adjusted operating income and Adjusted EBITDA	2010	2009	2008	2007	2006
Operating income (loss)	\$ 314,169	43,730	(1,124,134)	750,106	839,060
Add: Impairment of goodwill and other intangibles	—	—	1,543,397	—	—
Business restructurings	13,156	61,725	29,670	14,200	—
Commercial carpet tile reserve	—	133,492	44,338	—	—
Higher cost inventory flow through ^(c)	—	61,794	—	—	—
Adjusted operating income ^(a)	\$ 327,325	300,741	493,271	764,306	839,060
Less: Net earnings attributable to noncontrolling interest	(4,464)	(4,480)	(5,694)	(7,599)	(8,740)
Add: Depreciation and amortization	296,773	303,004	295,054	306,437	274,952
Other income (expense), net	3,900	5,588	(21,288)	6,925	252
U.S. customs refund	7,730	—	—	9,154	19,436
Adjusted EBITDA ^(b)	\$ 631,264	604,853	761,343	1,079,223	1,124,960
Net Debt					
Long-term debt (including current portion)	\$ 1,653,582	1,854,479	1,954,786	2,281,834	2,783,681
Less: Cash and cash equivalents (including restricted cash)	(382,171)	(531,458)	(93,519)	(89,604)	(63,492)
Net Debt ^(c)	\$ 1,271,411	1,323,021	1,861,267	2,192,230	2,720,189
Capital					
Long-term debt (including current portion)	\$ 1,653,582	1,854,479	1,954,786	2,281,834	2,783,681
Total stockholders' equity	3,271,556	3,200,823	3,153,803	4,707,357	3,715,263
Capital	\$ 4,925,138	5,055,302	5,108,589	6,989,191	6,498,944
Net debt to adjusted EBITDA ^(d)	2.0	2.2	2.4	2.0	2.4
Net Debt to Capital ^(e)	25.8%	26.2%	36.4%	31.4%	41.9%

(a) The non-GAAP measure "Adjusted Operating Income" is used to compare operating results. Management uses the information to review results excluding items that are not necessarily indicative of on-going results.

(b) The non-GAAP measure "Adjusted EBITDA" is used to more clearly evaluate our cash generation from operations.

(c) The non-GAAP measure "Net Debt" and "Net Debt to Capital" is used to more clearly evaluate our capital structure and leverage.

(d) The non-GAAP measure "Net Debt to Adjusted EBITDA" is used to more clearly show the number of times our operating cash flow covers leverage.

(e) Unusually high raw material costs incurred in the latter part of 2008, flowing through cost of sales in the first quarter of 2009.





UNITED STATES

2009 Flooring Market: 17.7 billion square feet; \$17 billion with carpet and rugs (55%), hardwood (11%), vinyl (12%), ceramic (11%), stone (6%), laminate (5%).

Mohawk Presence: Mohawk commands market-leading positions in every category, with the exception of vinyl.

Market Characteristics: Three major end-uses include residential replacement (54.8%), commercial (34.1%) and residential new construction (11.1%).

MEXICO

2009 Ceramic Flooring Market: 1,754 million square feet; among the top ten largest consumers of ceramic tile in the world.

Mohawk Presence: One established ceramic tile manufacturing plant and a second under construction that is scheduled to be completed in 2012. Dal-Tile currently participates in the higher-end segment of the market with less than a 10% share of the overall market. The new plant will supply value-priced product and be located close to high density population areas.

Market Characteristics: Growth turned positive in the first quarter of 2010. Increasing homeownership supports market growth. Value price points comprise the largest market segment.

Mohawk and the Global Flooring Market



+ EUROPE

2009 Laminate Flooring Market: 4,030 million square feet; France, Great Britain and the Netherlands are among the top ten countries for laminate sales worldwide.

Mohawk Presence: Quick-Step® is a leading premium brand in the laminate and hardwood flooring categories.

Market Characteristics: While the overall European market is not expected to grow significantly through 2012, laminate and wood are the only two categories forecasted to gain share.

+ RUSSIA

2009 Total Flooring Market: 4,067 million square feet, with laminate comprising 9% and hardwood flooring 5%. Russia is the tenth-largest consumer of laminate flooring in the world.

Mohawk Presence: Unilin has expanded Quick-Step® laminate flooring into Russia. Investments to support expansion include a warehouse and construction of a laminate plant that is expected to be operational in 2011.

Market Characteristics: A rapidly expanding middle class and rising personal incomes are driving market growth in Russia. This underlying economic dynamic, combined with an aging housing stock in need of renovation, creates attractive opportunities for the hardwood and laminate flooring categories.

+ CHINA

2009 Ceramic Flooring Market: 59 billion square feet; the largest consumer of ceramic tile in the world.

Mohawk Presence: A 34% joint venture interest in Sanfi, a leading ceramic tile supplier. Sales in China are through independent distributors.

Market Characteristics: A rapidly expanding middle class and rising personal income are driving robust market growth. China is a highly fragmented market with no supplier controlling over 3% of the market.

+ MALAYSIA

To increase efficiencies, Mohawk has recently begun consolidating its two hardwood manufacturing plants and increasing our capacity to produce flooring for the European and Asia-Pacific markets.



Mohawk Flooring

Mohawk Industries is one of the largest carpet suppliers in the world and its Mohawk® brand is one of the premier flooring brands in North America. Today, the Mohawk brand extends to hard surfaces, including ceramic tile, laminate and hardwood flooring, as well as carpet cushion and floor care products. Mohawk is also the largest supplier of rugs and mats in the North American market.

Product innovation, trusted brand names and comprehensive customer service continue to differentiate Mohawk in the marketplace. During 2010, we fortified these strengths and implemented an ambitious slate of continuous improvement initiatives in our manufacturing operations.

Wear-Dated® Revive™ carpet was one of the year's significant product introductions. Having acquired the Wear-Dated® fiber brand in 2009, Mohawk unveiled Revive™ in 2010 as the industry's first premium P.E.T. filament carpet, which offers consumers a softer and more stain-resistant carpet with longer-lasting performance. The line uses a fiber manufacturing process that results in a carpet with improved soil protection and durability. In hard surfaces marketed under the Mohawk® brand, we have added bamboo offerings and introduced Armor Max™, a hardwood finish with extreme durability features.

Our SmartStrand® carpet made with DuPont™ Sorona® fibers remains one of Mohawk's most important competitive advantages. Last fall, consumer research revealed that SmartStrand carpet rated first in consumer satisfaction, and carpet retailers voted the SmartStrand collection as their top carpet choice.

During 2010, we also introduced our first SmartStrand product for commercial customers.

Customer Support

Mohawk continues to lead the industry in customer service and support for both residential flooring retailers and commercial customers. In residential, we have invested heavily in extending technology solutions to our retailer network. For example, we now support websites for 300 retail customers to provide them with an enhanced online presence. We also have launched the Mohawk Today™ website to keep residential dealers and commercial customers updated on key marketing programs and promotional opportunities as well as to provide links to current consumer advertising, Company news and Mohawk University™ courses. Consumers are actively participating in our social media platforms on Facebook®, YouTube® and Twitter® providing insightful product and marketing feedback. For commercial customers, we have introduced “My Solution,” which pulls together our extensive brands and services into one tool to specify and manage large projects.



Mohawk Flooring has long been the home to many of the leading names in carpet. A new marketing strategy has consolidated our residential carpet into two brands, Mohawk® and Karastan®, the latter being our premium label that targets the luxury end of the market. Under the Mohawk brand, we have repositioned some of our former stand-alone brands – Aladdin®, Horizon® and WundaWeve® – as branded carpet collections. The new brand strategy simplifies our brand portfolio for consumers and better leverages the well-known and highly regarded Mohawk and Karastan names.

Manufacturing Improvements

Many of the most significant achievements at Mohawk in recent years have been made behind the scenes in our manufacturing operations. A major initiative has focused on asset realignment. As we have balanced capacity with demand during the past four years, we have phased out less efficient equipment, realigned plant flows and enhanced planning and material flow, often by consolidating processes under one roof. As a result, Mohawk is well-positioned to realize increased operating leverage when market demand rebounds.

The asset alignment initiative is but one of many process improvements that have produced significant achievements during 2010. Others include:

- Initiatives to reduce start-up times have made smaller production runs more economical, increasing service flexibility and lowering overall costs.

- Improved dyeing controls and investments have helped to deliver even more consistency in the quality of our products.

Mohawk is also investing in capacity to support the growth of certain product categories. We increased extruded fiber capacity by 25 million pounds in 2010 and plan to install additional capacity in 2011 in response to market conditions, including increased demand for filament products such as triexta and polyester. Similarly, we increased manufacturing capacity in 2010 to meet market demand for commercial carpet tiles, and plan an additional 20 percent increase during 2011.



Dal-Tile

Dal-Tile is the largest supplier of ceramic tile and natural stone in the North American residential and commercial markets. Its products are distributed under the Dal-Tile® and American Olean® brands through retailers and contractors, as well as independent distributors and home improvement retail centers.

A strong business model remains the key to Dal-Tile's success in North America. Dal-Tile's geographic scale, combined with local service and a vast product portfolio, has earned Dal-Tile a market position that is five times larger than its nearest competitor's. During the past year, Dal-Tile continued to enhance these strengths through technological innovation and investment.

In our product portfolio, Reveal Imaging™ printing technology is creating an entirely new class of porcelain tile products that precisely capture the appearance of natural stone. In Do-It-Yourself (DIY) retail channels, pilot marketing continues on a patented ceramic tile technology that clicks together for simple installation without grout. We also have entered two new categories, quartz countertops and manufactured veneer stone. The latter is a fragmented market that presents attractive growth opportunities.

In our sales service centers, new technology systems have been implemented to improve efficiencies, inventory turns and customer service. The systems provide managers with an enhanced ability to monitor sales, customer service and performance. On the local level, our sales service centers provide an invaluable means of establishing and enhancing strong customer relationships. Nationally, advertising and promotion strategies support our local presence. In 2010, we increased advertising support and trade show events in areas with stronger demand, including higher-end products. We also conducted local events and webcasts to train over 500 distributor representatives to improve placement and sales of new product introductions.

Sales Expansion in Mexico

Dal-Tile's expansion in the Mexican tile market is gaining momentum. In the past year, Dal-Tile increased its market share in Mexico as distribution reached more than 400 locations. We added 16 new independent distributors and have products in major home centers. From our base in Mexico, we also are distributing products in other parts of Latin America, including El Salvador, Guyana, Costa Rica, Guatemala and Belize.

The Mexican tile market resumed growth in 2010. We expect normalized market growth going forward in the mid-single-digit range, which will be driven in part by increasing homeownership. As we expand distribution and introduce more products, the expectation is for Dal-Tile's growth to outpace that of the local market.

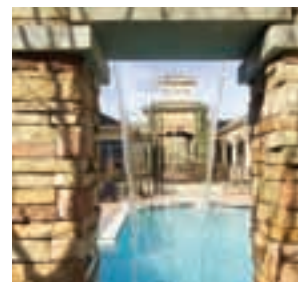
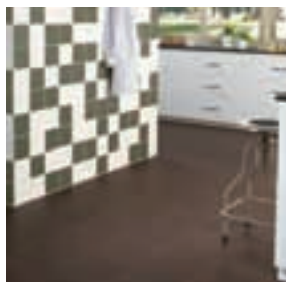
A large boost to our strategy in Mexico will come in 2012 when our new plant is slated to become operational. This plant will enable us to manufacture value-priced product to meet the demand of the largest segment of the Mexican market.

Investment in China

As the world's largest and fastest-growing market for ceramic tile, China represents a significant opportunity for Dal-Tile. The Chinese market is estimated to be 30 times the size of the U.S. market and growing at 8 to 10 percent annually. It also is a highly fragmented marketplace with no supplier claiming more than a 3 percent share. We are building a foundation to expand our position in this enormous ceramic market.



The breadth and depth of the Dal-Tile product portfolio provides fashionable options for flooring, wall and countertops, as well as exterior landscapes.



The introduction of Unilin's GenuEdge™ Technology, which creates the same visual edge found in genuine wood planks, provided a boost to the brand in the higher-end segment of the U.S. market. The technology was introduced with the launch of the Quick-Step® Veresque™ collection, offering consumers a product solution that captures the style of an authentic hardwood floor with the performance and durability of laminate.

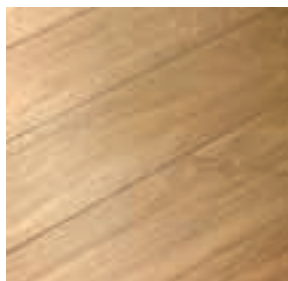
Until U.S. new home construction resumes in a meaningful way, the hardwood category is likely to experience continued weak demand. Despite challenging economic conditions in 2010, our Columbia® brand was able to gain share across all distribution channels in a flat-to-negative market. This accomplishment is the result of our independent distribution network that has been steadily strengthened since we acquired this flooring business in 2007.

Unilin

Unilin is one of the world's leading suppliers of premium laminate flooring through its Quick-Step® brand. As the industry leader in product innovation, Unilin also generates revenue through a strong intellectual property portfolio. Unilin laminate flooring reaches consumers through retailers and distributors in Europe and North America. In Europe, product groups also include roofing systems and other products for construction and furniture markets. In North America, Unilin's product offerings include the Columbia® hardwood flooring brand. Columbia's beautiful line of textured hardwoods includes a best-selling collection of scraped wood flooring that is highly cost-competitive with comparable imports.



Unilin's Quick-Step brand continues to enjoy a premium position in the laminate category, thanks to ongoing innovation in styling and installation features.



The rebound in laminate and hardwood sales in Europe was challenged by rising raw material costs and pricing pressure in the laminate market due to overcapacity in the MDF industry. However, the market strength and uniqueness of the Quick-Step brand has allowed us to avoid many of the negative effects of these pricing pressures and to recoup costs with limited delay. In addition, customers have positively received our Quick-Step hardwood flooring with Uniclic® technology, a glueless locking system that simplifies installation and reduces the time required to complete a new floor.

Other Products

While the lagging European new construction market also has impacted Unilin, especially its roofing systems, the launch of Utherm® brand insulation boards has been promising. Throughout Europe, demand is growing for effective insulation solutions to meet new government requirements for increased building insulation. Our line of Utherm® insulation boards, which provides greater insulation with less thickness in roofs, walls and floors, is poised to benefit as these requirements begin to take effect.

Geographic Expansion

With distribution throughout North America, Western and Eastern Europe, Unilin continues to evaluate geographic expansion opportunities, as well as acquisitions that can strengthen its position in existing markets.



Board of Directors

1. Bruce C. Bruckmann ⁽¹⁾⁽²⁾

Managing Director Bruckmann, Rosser, Sherrill & Co., Inc. (a venture capital firm)

2. Robert N. Pokelwaldt ⁽¹⁾⁽²⁾

Former Chairman and Chief Executive Officer of York International Corporation (a manufacturer of air conditioning and cooling systems)

3. W. Christopher Wellborn

President and Chief Operating Officer

4. John F. Fiedler ⁽²⁾

Former Chairman and Chief Executive Officer Borg-Warner Automotive Inc. (a manufacturer of automotive parts)

5. Jeffrey S. Lorberbaum

Chairman and Chief Executive Officer

6. Phyllis O. Bonanno ⁽³⁾

Former President and Chief Executive Officer of International Trade Solutions, Inc.

7. Joseph A. Onorato ⁽¹⁾⁽³⁾

Former Chief Financial Officer of Echlin, Inc. (a manufacturer of automotive parts)

8. David L. Kolb ⁽³⁾

Former Chairman and Chief Executive Officer Mohawk Industries, Inc.

Frans De Cock (Not pictured)

Former President Unilin

(1) Audit Committee

(2) Compensation Committee

(3) Nominating and Corporate Governance Committee

Please see the Company's 2011 Proxy Statement for a listing of our Executive Officers. The Proxy Statement is available via the Internet at www.mohawkind.com under Investor Information.



Larry McCurdy

All of us at Mohawk were deeply saddened by the loss of our long-term Board member Larry McCurdy, who passed away in August 2010. Larry fought valiantly through his illness and his courage in the face of adversity reminded us of the true depth of his character. Larry served on Mohawk's Board since the Company went public, and he was a key contributor to our growth over the past two decades. He brought a keen intellect and strategic perspective that helped to identify innovative solutions to the challenges we faced. We will miss his good counsel and his friendship, and we dedicate this annual report to his memory.



Robert Pokelwaldt

At the February 2011 Board meeting, Robert Pokelwaldt announced his resignation from Mohawk's Board of Directors, effective at the end of his current term, May 11, 2011. Bob had served with distinction as a director since the Company's initial public offering in 1992. He brought a CEO's perspective to the Board, and his experience in leading York International helped him to provide sound advice to Mohawk's leadership team as the Company grew more than twenty-fold during his tenure on the Board. The Company is grateful for his years of exceptional service and for his dedication to Mohawk's success.

Shareholder Information

Corporate Headquarters

P.O. Box 12069
160 South Industrial Boulevard
Calhoun, Georgia 30703
(706) 624-2246

Independent Registered Public Accounting Firm

KPMG LLP
Atlanta, Georgia

Corporate Counsel

Alston & Bird LLP
Atlanta, Georgia

Transfer Agent and Registrar

American Stock Transfer
and Trust Company
Corporate Trust Client Services
16633 N. Dallas Parkway, Suite 600
Addison, Texas 75001
(972) 588-1889

Publications

The Company's Annual Report, Proxy Statement, Form 8-K, 10-K and 10-Q reports are available without charge and can be ordered via our stockholder communications service at (800) 625-7721 or via the Internet at www.mohawkind.com under Investor Information. Written requests should be sent to Deby Forbus at the Company's headquarters address above.

Product Inquiries

For more information about Mohawk's products, visit our websites:
www.mohawkflooring.com.
www.daltile.com
www.unilin.com

Investor/Analyst Contact

For additional information about Mohawk, please contact Frank H. Boykin at (706) 624-2695 or at the Company's headquarters address above.

Annual Meeting of Stockholders

The Annual Meeting of Stockholders of Mohawk Industries, Inc., will be held at the Company's headquarters on South Industrial Boulevard in Calhoun, Georgia, on May 11, 2011, at 10:00 a.m. For directions and a map, call Deby Forbus at (706) 624-2246.

Common Stock Price Range

Mohawk's common stock is traded on the New York Stock Exchange under the symbol MHK. The table below sets forth the high and low sales prices per share of the common stock as reported by the exchange, for each period indicated.

Mohawk Common Stock

2010	High	Low
First Quarter	\$55.52	\$41.33
Second Quarter	66.93	43.58
Third Quarter	54.94	42.61
Fourth Quarter	61.28	51.55
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2009	High	Low
First Quarter	\$46.05	\$16.97
Second Quarter	51.88	28.74
Third Quarter	53.71	31.40
Fourth Quarter	50.49	39.84

Environmental Commitment

Mohawk is recognized as a leader in sustainability and environmental stewardship, with a determined focus on responsible use of raw materials, recycling, waste management and water and energy conservation throughout its business and operations.

Equal Opportunity

Mohawk is an Equal Opportunity/Affirmative Action employer committed to attracting a diverse pool of applicants and sustaining an inclusive workforce.

NYSE Affirmation Certifications

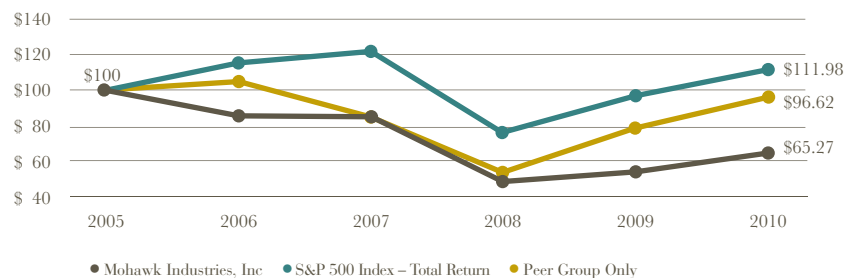
As a listed Company with the New York Stock Exchange ("NYSE"), Mohawk is subject to certain Corporate Governance standards as required by the NYSE and/or the Securities and Exchange Commission ("SEC"). Among other requirements, Mohawk's CEO, as required by Section 303A.12(a) of the NYSE Listing Company Manual, must certify to the NYSE each year whether or not he is aware of any violations by the Company of NYSE Corporate Governance listing standards as of the date of the certification. On June 10, 2010, Mohawk's CEO Jeffrey S. Lorberbaum, submitted such a certification to the NYSE which stated that he was not aware of any violation by Mohawk of the NYSE Corporate Governance listing standards.

The Company has filed the certifications of its Chief Executive Officer and Chief Financial Officer required by Section 302 of Sarbanes-Oxley Act of 2002 as an exhibit to the Company's Form 10-K for the year ended December 31, 2010.

Stock Performance Graph

The following is a line graph comparing the yearly percentage change in the Company's cumulative total stockholder returns to those of the Standard & Poor's 500 Index and a group of peer issuers beginning on December 31, 2005 and ending on December 31, 2010.

The peer group includes the following companies: Armstrong World Industries, Inc., Dixie Group, Inc., Interface, Inc., Leggett & Platt, Inc., MASCO Corporation and Stanley Black & Decker, Inc. Stanley Black & Decker, Inc. is included in the peer group because this company responds to economic changes similarly to the Company. Congoleum Corporation has been removed from the peer group because its stock is no longer publicly traded, and Armstrong World Industries, Inc. was added back to the peer group. Total return values were calculated based on cumulative total return, assuming the value of the investment in the Company's Common Stock and in each index on December 31, 2005 was \$100 and that all dividends were reinvested. The Company is not included in the peer group because management believes that, by excluding the Company, investors will have a more accurate view of the Company's performance relative to the peer companies.



Mohawk Industries, Inc., is one of the world's leading flooring companies with vertically integrated operations in North America and Europe. Our products and brands span every major flooring category across a wide range of price points and distribution channels. We are headquartered in Calhoun, Georgia, and our shares trade on the New York Stock Exchange under the ticker symbol "MHK."



160 South Industrial Boulevard
Calhoun, Georgia 30701
www.mohawkind.com