

RELATED PERSON TRANSACTIONS POLICY

1. Purpose: The Board of Directors (the “Board”) of Mohawk Industries, Inc. (“Mohawk”) has adopted this Related Person Transactions Policy, in order to disclose to Mohawk's stockholders Mohawk’s procedures for reviewing, approving and ratifying Related Person Transactions.

2. Policy Statement on Related Person Transactions: Mohawk recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether those transactions are consistent with the best interests of Mohawk and its stockholders. As a general matter, it is Mohawk’s preference to avoid Related Person Transactions.

Mohawk’s Standards of Conduct and Business Ethics (the “Ethics Standards”) contain various provisions related to transactions with Related Persons (as defined below) and with employees generally. The procedures described in this Related Person Transactions Policy are to be applied in a manner consistent with the Ethics Standards.

Mohawk recognizes that there are situations where Related Person Transactions may be consistent with the best interests of Mohawk and its stockholders, or may not be inconsistent with those interests. Therefore, some Related Person Transactions may be permissible, including situations in which Mohawk or any of its subsidiaries (collectively, the “Corporation”) may obtain from, or may provide to, a Related Person products or services of a nature, quantity or quality, on terms comparable to those provided to unrelated third parties or to those provided to employees generally or on other terms that are not readily available from alternative sources, or on an arm’s length basis.

3. Related Person Transaction Defined: For the purposes of this policy, a "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Corporation was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

4. Related Person Defined: For purposes of this policy, a “Related Person” means:

- any person who is, or at any time since the beginning of Mohawk’s most recently completed fiscal year was, a director or executive officer of Mohawk or a nominee to become a director of Mohawk;
- any person who is known to be the beneficial owner of more than 5% of any class of Mohawk's voting securities;
- any Immediate Family Member (defined below) of any of the foregoing persons; and
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

For purposes of the foregoing definition, “Immediate Family Member” of an individual means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and any person (other than a tenant or employee) sharing the individual’s household.

5. Identification of Related Persons: Each director and executive officer will provide at least once per year to the Corporate Secretary in connection with the completion of the annual director and officers’ questionnaire a list of his or her Immediate Family Members, and the information as to himself or herself and each such Immediate Family Member elicited by such questionnaire. Any person who is nominated for election, or who is appointed or elected to serve, as a director or an executive officer will provide to the Corporate Secretary the specified information as soon as reasonably practicable after such person’s nomination, appointment or election.

When the Corporation becomes aware of a person’s status as a beneficial owner of more than 5% of any class of Mohawk’s voting securities, and annually thereafter for so long as such ownership status is maintained, the Corporate Secretary will request: (i) if the person is an individual, the same information that is requested of directors and executive officers under this policy and (ii) if the person is a firm, corporation or other entity, a list of the principals or executive officers of the firm, corporation or entity.

Directors and executive officers shall notify the Corporate Secretary of any updates to the information provided, such as changes in their family relationships and employment status.

6. Dissemination of Related Person List: The Corporate Secretary will from time to time combine the information collected pursuant to the procedures described above and will create a master list of Related Persons. The Corporate Secretary will make the master list available to: the Chief Operating Officer, the Chief Financial Officer, the Controller, the General Counsel and the Vice President-Human Resources. The recipients of the master list will utilize the information contained therein, in connection with their respective business units, departments and areas of responsibility, to effectuate this policy and to identify potential Related Party Transactions.

7. Advance Notification Procedures: A transaction with Related Person that is identified in advance will be subject to the following notice procedures:

- Before entering into the transaction (i) the Related Person or (ii) the director, executive officer, nominee or beneficial owner who is an Immediate Family Member of the Related Person shall provide notice to the Corporate Secretary of the facts and circumstances of the potential transaction.
- The notice should include the following information: (i) the Related Person's relationship to the Corporation and their interest in the transaction; (ii) the significant facts of the potential transaction, including the proposed aggregate value of the transaction; (iii) the benefits to the Corporation of the potential transaction; (iv) if applicable, the availability of other sources of comparable products or services; (v) an

assessment of whether the potential transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally, and (vi) an assessment of whether the potential Related Person Transaction is consistent with the Ethics Standards (collectively, the “Information”).

8. Ratification Notice Procedures: In the event the Corporation becomes aware of a transaction with a Related Person which has not previously been approved or ratified under this policy, the Corporate Secretary shall request from (i) the Related Person or (ii) the director, executive officer, nominee or beneficial owner who is an Immediate Family Member of the Related Person a description of the facts and circumstances of the transaction, which shall include the Information with respect to such transaction.

9. Transactions Review Process and Criteria

- For any transaction described in Sections 7 or 8 above, the Chief Financial Officer and the General Counsel shall assess whether the transaction is a Related Person Transaction for purposes of this policy.
- If it is determined that the transaction is a Related Person Transaction, it will be submitted to the Audit Committee (“Committee”) for consideration at the next Committee meeting or, if it is not practicable to wait until the next Committee meeting, to the Committee’s Chairman (the “Chairman”) for prompt consideration.
- The Committee or the Chairman will consider the relevant facts and circumstances of the Related Party Transaction, including but not limited to: (i) the benefits to the Corporation; (ii) the impact on a director’s independence in the event the Related Person is a director, an Immediate Family Member of a director or an entity in which a director is a partner, shareholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; (v) the terms available to unrelated third parties or to employees generally; and (vi) whether the potential Related Person Transaction is consistent with the Ethics Standards.
- No member of the Committee will participate in any review, consideration or approval of any Related Person Transaction with respect to which such member, or his or her Immediate Family Member, is the Related Person.
- The Committee, or the Chairman, is authorized to approve or ratify those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Corporation and its stockholders, and that are consistent with the Ethics Standards, as the Committee or the Chairman determines in good faith. Other Related Party Transactions should be disapproved by the Committee, or the Chairman, and should not be entered into or continued by the Corporation.
- The Committee or Chairman will report the decision to the Corporate Secretary, who shall report the decision to the appropriate Corporation personnel.

10. Unauthorized Related Person Transactions: If a Related Person Transaction is ongoing or completed and it is disapproved by the Committee or Chairman, the Committee will evaluate the circumstances of the transaction, taking into account the same factors described in Section 9 above, to determine (i) if disciplinary action is appropriate, (ii) if changes to this policy or its procedures are appropriate; and (iii) the impact on a director’s

independence in the event the Related Person is a director, an Immediate Family Member of a director or an entity in which a director is a partner, shareholder or executive officer.

11. Periodic Reporting: The directors of accounts payable and accounts receivable, under the supervision of the Chief Financial Officer or the Controller, will produce periodic reports of any amounts paid or payable to, or received or receivable from, any Related Person, and will provide those reports to the Corporate Secretary. The Corporate Secretary shall promptly determine if there is any Related Person Transaction that was not previously approved or ratified under this policy. If there is any Related Person Transaction that was not previously approved or ratified under this policy, it will be submitted for ratification under the procedures described in Section 9 above.

The Chairman will report to the Committee at the next Committee meeting any approval, ratification or disapproval by him or her under this policy pursuant to the authority delegated in this policy. The Committee will annually review and consider any previously approved or ratified Related Person Transactions that remain ongoing.