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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): NOVEMBER 12, 1998

-----  
MOHAWK INDUSTRIES, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER  
JURISDICTION OF  
INCORPORATION OR  
ORGANIZATION)

01-19826  
(COMMISSION FILE NUMBER)

52-1604305  
(I.R.S. EMPLOYER  
IDENTIFICATION  
NUMBER)

160 SOUTH INDUSTRIAL BOULEVARD  
CALHOUN, GEORGIA 30701  
(ADDRESS, INCLUDING ZIP CODE, OF PRINCIPAL EXECUTIVE OFFICES)

(706) 629-7721  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On November 12, 1998, Mohawk Industries, Inc. ("Mohawk") consummated the acquisition of World Carpets, Inc. ("World") by means of the merger (the "Merger") of WC Acquisition Corp. ("WC"), a wholly owned subsidiary of Mohawk, with and into World, with the result that World is the surviving entity resulting from the Merger and is operating, as a wholly owned subsidiary of Mohawk, the business in which it engaged prior to the Merger. World is in the business of manufacturing, designing and selling broadloom carpet.

The Merger was consummated pursuant to an Agreement and Plan of Merger, dated as of October 22, 1998, by and among Mohawk, WC and World (the "Merger Agreement"). Pursuant to the Merger Agreement, each outstanding share of capital stock of World outstanding immediately preceding the Merger, was converted into shares of common stock, \$.01 par value per share ("Mohawk Common Stock"), of Mohawk. In the Merger, Mohawk issued 4,899,992 shares of Mohawk Common Stock to World shareholders (and cash in lieu of fractional shares). On November 12, 1998, the Securities and Exchange Commission declared effective a registration statement to register for resale all of these shares from time to time. The Merger will be accounted for under the pooling-of-interests basis of accounting. The foregoing is qualified in its entirety by reference to the Merger Agreement, the full text of which is filed as Exhibit 2.1 hereto and incorporated herein by this reference.

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

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(c) Exhibits

EXHIBITS NUMBER -----	DESCRIPTION -----
2.1	Merger Agreement (incorporated by reference to Appendix A of the Mohawk Registration Statement on Form S-3 (Registration No. 333-66061) as filed with the Securities and Exchange Commission on October 23, 1998).
23	Consent of Independent Accountants.

REPORT OF INDEPENDENT ACCOUNTANTS

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of World Carpets, Inc. and its subsidiary (the "Company") at June 28, 1998, and the results of their operations and their cash flows for the year ended June 28, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP  
Atlanta, GA  
September 21, 1998

WORLD CARPETS, INC.

CONSOLIDATED BALANCE SHEET  
(IN THOUSANDS OF DOLLARS EXCEPT FOR SHARE AMOUNTS)

JUNE 28,  
1998

ASSETS

Current assets	
Cash and restricted cash.....	\$ 145
Accounts receivable, less allowance for doubtful accounts of \$1,777.....	53,918
Inventories.....	75,770
Prepaid expenses.....	355
Deferred income taxes.....	10,890
	-----
Total current assets.....	141,078
Property, plant and equipment, net.....	71,283
Other assets.....	8,867
	-----
	\$221,228
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	
Book overdraft.....	\$ 6,712
Current maturities of long-term debt.....	5,570
Accounts payable.....	36,078
Accrued liabilities.....	15,133
Estimated product claims.....	4,658
	-----
Total current liabilities.....	68,151
Long-term debt, less current maturities.....	78,971
Estimated product claims.....	968
Deferred income taxes.....	1,920
	-----
	150,010

SHAREHOLDERS' EQUITY

Class A Preferred Stock, voting, 8% cumulative, \$100 par value, 1,000,000 shares authorized; 3,000 shares issued and outstanding....	300
Class B Preferred Stock, nonvoting, 10% noncumulative, \$100 par value, 100,000,000 shares authorized; 190,080 shares issued; 151,280 shares outstanding.....	19,008
Class C Common Stock, nonvoting, no par value, \$100 stated value, 100,000,000 shares authorized; 126,920 shares issued and outstand- ing.....	12,692
Retained earnings.....	43,098
	-----
	75,098
Less treasury stock, 38,800 shares of Class B Preferred Stock, at cost.....	(3,880)
	-----
	71,218
	-----
Commitments and contingencies.....	--
	-----
	\$221,228
	=====

The accompanying notes are an integral part of these financial statements.

WORLD CARPETS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS  
(IN THOUSANDS OF DOLLARS)

YEAR ENDED  
JUNE 28,  
1998

Net sales.....	\$430,932
Costs and expenses	
Cost of goods sold.....	337,849
Selling, warehousing and distribution expenses.....	60,562
General and administrative expenses.....	17,504
	-----
	415,915
	-----
Income from operations.....	15,017
Interest expense.....	(8,094)
Other income, net.....	2,209
	-----
Income before income taxes.....	9,132
Benefit from income taxes.....	2,155
	-----
Net income.....	\$ 11,287
	=====

The accompanying notes are an integral part of these financial statements.

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WORLD CARPETS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(IN THOUSANDS OF DOLLARS EXCEPT FOR SHARE AMOUNTS)

	CLASS A PREFERRED STOCK		CLASS B PREFERRED STOCK		CLASS C COMMON STOCK		RETAINED TREASURY		
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	EARNINGS	STOCK	TOTAL
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance at June 29, 1997.....	3,000	\$ 300	190,080	\$19,008	126,920	\$12,692	31,835	(3,880)	59,955
Dividends paid.....							(24)		(24)
Net income.....							11,287		11,287
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance at June 28, 1998.....	3,000	\$ 300	190,080	\$19,008	126,920	\$12,692	43,098	(3,880)	71,218
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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WORLD CARPETS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS  
(IN THOUSANDS OF DOLLARS)

	YEAR ENDED JUNE 28, 1998
	-----
Cash flows from operating activities	
Net income.....	\$11,287

Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation.....	8,059
Amortization.....	1,030
Deferred income taxes.....	(2,395)
Gain on disposal of property, plant and equipment.....	(662)
Changes in operating assets and liabilities	
Accounts receivable.....	2,165
Inventories.....	2,291
Other assets.....	(1,633)
Cash overdraft.....	(984)
Accounts payable.....	(6,758)
Accrued liabilities and estimated product claims.....	2,045
	-----
Net cash provided by operating activities.....	14,445
	-----
Cash flows from investing activities	
Collections on note receivable from shareholder.....	895
Refund from business acquisition.....	1,859
Proceeds from sale of property, plant and equipment.....	1,109
Purchases of property, plant and equipment.....	(11,217)
	-----
Net cash used in investing activities.....	(7,354)
	-----
Cash flows from financing activities	
Proceeds from issuance of long-term debt.....	1,311
Payments of long-term debt.....	(9,131)
Dividends paid.....	(24)
	-----
Net cash used in financing activities.....	(7,844)
	-----
Net decrease in cash.....	(753)
Cash and restricted cash, beginning of year.....	898
	-----
Cash and restricted cash, end of year.....	\$ 145
	=====
Cash paid for interest.....	\$ 8,287
	=====
Cash paid for taxes.....	\$ 956
	=====

The accompanying notes are an integral part of these financial statements.

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WORLD CARPET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

World Carpets, Inc. and its wholly owned subsidiary, World Commercial Carpets, Inc. (the "Company") is a manufacturer of residential and commercial carpet sold principally throughout the United States. The Company designs, manufactures and markets carpet and rugs in a broad range of colors, textures and patterns. The Company is widely recognized through its premier brand names, some of which are "WundaWeave," "CustomWeave," "Zenith" and "Sunrise", and markets its products primarily through carpet retailers, home centers, mass merchandisers, department stores, commercial dealers and commercial end users. The Company's operations are vertically integrated from the extrusion of resin into fiber, to the conversion of fiber into yarn and to the manufacture and shipment of finished carpet and rugs.

The more significant accounting policies followed by the Company are summarized below:

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of World Carpets, Inc. and its wholly-owned subsidiary, World Commercial

Carpets, Inc. All significant transactions are eliminated in consolidation.

#### ACCOUNTS RECEIVABLE

For trade accounts, an allowance for doubtful accounts is provided based upon industry average, historical bad debt experience and periodic evaluations of the aging of accounts. Receivables are written off when deemed to be uncollectible and recoveries are credited to the allowance account when received. Accounts receivable also includes reserves for discounts, returns and other items which are determined based on historical experience and specific activity where applicable.

#### INVENTORIES

Inventories are stated at the lower of cost or market. The Company uses the first-in, first-out (FIFO) method for valuing substantially all of its inventories.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost. Additions and improvements are capitalized while maintenance and repairs are charged to expense as incurred.

The Company computes depreciation using the straight-line method over the estimated useful lives of the assets which range from three to forty years. The cost and accumulated depreciation of property retired or otherwise disposed of are removed from the accounts and any gains or losses are included in income. The Company evaluates impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Measurement of impairment losses is based on the fair value of the applicable assets.

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#### WORLD CARPET, INC.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The Company capitalizes leased property and equipment meeting certain criteria. The accompanying balance sheet reflects all capitalized leased machinery and equipment as assets and the related obligations are included in the current and non-current portion of long-term debt. Capital lease assets are amortized on a straight-line basis over the lease terms. Amortization of the capital lease assets is included in depreciation expense in the accompanying financial statements.

#### OTHER ASSETS

Other assets consist principally of the cash surrender value of life insurance, deferred financing costs, and goodwill. Deferred financing costs are amortized over the term of the related loans. Goodwill, representing the excess of the purchase cost over the fair value of net assets acquired in the acquisitions of certain assets of Wunda Weve Carpets, Inc. and Sunrise Carpet Industries, Inc. & Affiliates, is being amortized over 15 years on a straight-line basis. The Company periodically reviews goodwill to assess recoverability. Any significant impairment would be recognized in operating results if a permanent decline in value were to occur.

#### BOOK OVERDRAFT

Book overdraft represents outstanding checks written which have not been presented to the bank for payment.

#### ESTIMATED PRODUCT CLAIMS

The estimated cost of future product claims is determined based on historical claim percentages incurred by the Company. The amount is classified as a current liability if expected to be settled within one year, with the balance being classified as a long-term liability.

#### INCOME TAXES

The Company reports the effects of income taxes in accordance with Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes." This asset and liability approach requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of existing assets and liabilities. In estimating future tax consequences, FAS 109 generally considers all expected future events other than enactments of changes in the tax laws or rates.

#### FISCAL YEAR

The Company's operations are reported on a fifty-two, fifty-three week basis with the fiscal year ending on the Sunday nearest June 30. Fiscal year 1998 included 52 weeks.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount reported in the balance sheet for cash and restricted cash, accounts receivable, shareholder receivable and accounts payable approximate fair value because of the short-term maturity of these financial instruments.

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#### WORLD CARPETS, INC.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The carrying amount reported for long-term debt approximates fair value as significantly all of the underlying instruments are variable rate notes that reprice frequently.

#### RISKS AND UNCERTAINTIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### RESEARCH AND DEVELOPMENT COSTS

Product development costs are expensed by the Company as incurred. These costs approximated \$2,642,000 for the year ended June 28, 1998.

#### NEW ACCOUNTING PRONOUNCEMENTS

In 1997 and 1998, the Financial Accounting Standards Board issued Statement No. 130, (FAS 130) "Reporting Comprehensive Income", Statement No. 131, (FAS 131) "Disclosures and Segments of an Enterprise and Related Information", Statement No. 132, (FAS 132) "Employers' Disclosures about Pensions and Other Postretirement Benefits" and Statement No. 133, (FAS 133) "Accounting for Derivative Instruments and Hedging Activities". FAS 130, FAS 131 and FAS 132 are effective for fiscal years beginning after December 15, 1997. FAS 133 is effective for fiscal years beginning after July 15, 1999. FAS 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. FAS 131 requires companies to report certain financial and descriptive information about their reportable operating segments, including related disclosures about products and services, geographic areas and major customers. FAS 132 suggests combined formats for presentation for pension and other postretirement benefit disclosures. FAS 132 also permits reduced disclosures for non public entities. FAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. The Company does not believe the implementation of FAS 130, FAS 131, FAS 132 or FAS 133 will have a material effect on its consolidated financial statements.

#### 2. NOTE RECEIVABLE FROM SHAREHOLDER

A note receivable from shareholder was prepaid December 19, 1997, which

included \$774,000 of principal and \$13,000 of interest. The note receivable from shareholder totaled \$895,000 at June 29, 1997 and called for bi-weekly principal and interest, at 7.6% instalments through 2007.

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WORLD CARPETS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

3. INVENTORIES

Inventories consist of the following:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Finished goods.....	\$31,103
Work-in-progress.....	9,313
Raw materials and other.....	35,354
	-----
	\$75,770
	=====

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Land and improvements.....	\$ 4,085
Buildings and leasehold improvements.....	35,140
Machinery and equipment.....	107,265
Equipment under capital leases.....	4,980
Construction in progress.....	3,728
	-----
	155,198
Less accumulated depreciation and amortization.....	(83,915)
	-----
	\$ 71,283
	=====

Included in land and improvements and buildings and leasehold improvements are nonoperating assets with a net book value of approximately \$1,687,000. Certain of these assets are leased by the Company to third parties under short-term operating lease agreements. Rental income from the lease agreements totaling \$324,000, for year ended June 28, 1998, is included as other income in the accompanying statement of operations.

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WORLD CARPETS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

5. OTHER ASSETS



Other assets consist of the followings:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Goodwill.....	\$ 8,821
Loan origination fees.....	871
Other.....	593
	-----
	10,285
Accumulated amortization.....	(1,418)
	-----
Less accumulated depreciation and amortization.....	\$ 8,867
	=====

#### 6.ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Payroll and related withholdings.....	\$ 4,814
Professional fees and settlement.....	2,593
Self-insurance reserves.....	3,246
Other.....	4,480
	-----
	\$15,133
	=====

#### 7.LONG-TERM DEBT

Long-term debt consists of the following:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Revolving line of credit.....	\$58,872
Term loans.....	21,857
Capital lease obligations.....	3,812
	-----
	84,541
Less current maturities.....	(5,570)
	-----
	\$78,971
	=====

Under the amended terms of the Company's revolving and term loan facility, the Company can borrow up to \$102 million, based on eligible accounts receivable and inventory balances. Interest on the revolving credit facility is payable monthly at a rate equal to the prime rate minus .25% or the London Interbank Offering Rate ("LIBOR") plus 2% (8.25% at June 28, 1998). Interest on the term loans is payable monthly at a rate equal to the prime rate plus .25 % or LIBOR plus 2.5% (8.5% at June 28, 1998). The line of credit expires February 7, 2002. The term loans are payable in sixty

equal monthly principal installments of approximately \$321,000,

WORLD CARPETS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

plus interest at the rate stated above. The loans are secured by substantially all accounts receivable, inventory and property, plant and equipment of the Company.

Under the terms of the revolving line of credit agreement, the Company incurs a fee equal to 3/8% per year on the unused balance of the revolving line of credit. The fee is payable monthly.

The loan agreement requires that the Company maintain certain levels of working capital and net worth during the term of the loans. The agreement also limits capital expenditures, the payment of dividends and imposes certain financing restrictions. The Company violated a financial covenant requiring that a specified portion of capital expenditures be financed during the year ended June 28, 1998. The Company has obtained a waiver for this condition of default.

As of June 28, 1998, debt maturities, including capital lease obligations, net of imputed interest, for the next five fiscal years are as follows:

FISCAL YEAR -----	CAPITAL LEASE		
	DEBT	OBLIGATIONS	TOTAL
	-----	-----	-----
	(IN THOUSANDS OF DOLLARS)		
1999.....	\$ 3,857	1,713	5,570
2000.....	3,857	963	4,820
2001.....	3,857	657	4,514
2002.....	69,158	248	69,406
2003.....	--	231	231
	-----	-----	-----
	\$80,729	3,812	84,541
	=====	=====	=====

8. EMPLOYEE BENEFIT PLAN

The Company maintains the World Carpet Savings Retirement Plan (the "Plan"), a defined contribution 401(k) plan covering substantially all employees. Employees are eligible to participate upon completion of one year of service. Under the terms of the Plan, the Company may match employee contributions up to a maximum of 2% of the employee's salary and employees vest in the contributions based on years of credited service. For the year ended June 28, 1998, the Company contributed approximately \$698,000, to the Plan.

WORLD CARPETS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

9. INCOME TAXES

The components of the income tax benefit are as follows:

YEAR ENDED  
JUNE 28,  
1998

	(IN THOUSANDS OF DOLLARS)
Current	
Federal.....	\$ (146)
State.....	(94)
	-----
	(240)
Deferred	
Federal.....	2,275
State.....	120
	-----
	\$2,155
	=====

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate are as follows:

	JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Federal statutory tax rate.....	34 %
State income taxes (net of federal federal income tax benefit).....	3.8
Reduction in valuation of reserve for deferred tax assets.....	(64.5)
Other.....	2.5
	-----
Effective (benefit) tax rate.....	(24.2)%
	=====

The deferred tax assets and deferred tax liabilities recorded on the balance sheet are as follows:

	DEFERRED TAX ASSETS (LIABILITIES) JUNE 28, 1998 (IN THOUSANDS OF DOLLARS)
	-----
Accounts receivable reserves.....	\$3,051
Depreciation and amortization.....	(4,478)
Accrued liabilities.....	5,656
Inventories.....	1,332
Allowance for bad debts.....	693
Loss carryforwards.....	2,057
Tax credit carryforwards.....	659
	-----
	\$8,970
	=====

As of June 28, 1998, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately \$6,049,000 available to reduce taxable income. The Company's net operating loss carryforwards begin expiring in 2005 and will continue to expire

through 2006. During the year ended June 28, 1998, the Company utilized approximately \$6,897,000 of its net operating loss carryforwards to offset

current taxable income and reduced its valuation allowance by \$5,893,000.

Under the Tax Reform Act of 1986, if certain substantial changes in the Company's ownership were to occur in the future, there would be an annual limitation on the amount of operating loss carryforwards which could be used to offset future taxable income.

#### 10. COMMITMENTS AND CONTINGENCIES

##### LEASE COMMITMENTS

The Company leases warehouses and certain equipment under noncancelable operating leases with terms in excess of one year. At June 28, 1998, future minimum annual lease payments required by these operating leases approximate the following:

FISCAL YEAR -----	(IN THOUSANDS) -----
1999.....	\$ 226
2000.....	107
2001.....	107
2002.....	107
2003 and thereafter.....	2,090
	-----
	\$2,637
	=====

Total rent expense charged to operations approximated \$652,000, for the year ended June 28, 1998. Substantially all operating lease agreements have provisions for escalation in rents based on changes in the consumer price index.

##### LITIGATION AND OTHER MATTERS

The Company recorded \$925,000 in fiscal year 1998 to record final settlement amounts for certain litigation. Management does not anticipate any additional costs from this matter. There are other claims pending against the Company with respect to workers' compensation, product liability, sales taxes and other matters arising out of the ordinary conduct of business. The ultimate result of these claims is not determinable at June 28, 1998. However, in the opinion of management, adequate provision for anticipated costs has been made in the financial statements. Management does not anticipate any additional costs from this matter.

#### 11. PREFERRED AND COMMON STOCK

The Company has two classes of issued and outstanding preferred stock. Class A Preferred Stock shareholders are entitled to receive dividends at 8% of the par value from current or retained earnings when declared by the Board of Directors. Dividends on the Class A Preferred Stock are cumulative and are payable before any dividends may be paid on the Class B Preferred Stock or the Class C Common Stock. During fiscal 1998, the Company paid \$24,000

##### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

of dividends in arrears for Class A preferred stock. The liquidation preference for Class A Preferred Stock is its par value plus accumulated, unpaid dividends.

Class B Preferred Stock shareholders are entitled to receive dividends at 10% of the par value from current or retained earnings when declared by the Board of Directors. Dividends on the Class B Preferred Stock are noncumulative and are payable before any dividends may be paid on the Class C Common Stock. The liquidation preference for Class B Preferred Stock is

its par value.

Shares of Class B Preferred Stock are convertible by their original holders to Class C Common Stock. At the conversion date, each Class B Preferred Stock share may be exchanged for the number of Class C Common Stock shares which have a fair market value of \$100 with fair market value determined by an independent third party.

Any sales, transfers or purchases of the Company's outstanding shares are subject to shareholders' agreement.

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PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheet of Mohawk gives effect to the merger with World as if the merger took place on September 26, 1998. The merger has been accounted for as a pooling-of-interests. All of the outstanding shares of World capital stock have been exchanged for approximately 4.9 million shares of Mohawk common stock. The unaudited pro forma condensed consolidated statements of earnings give effect to the merger as if the merger took place on January 1, 1995. It is expected that Mohawk and World will incur approximately \$12.1 million, after income taxes, in non-recurring charges related to the merger (primarily legal, accounting, investment banking, loan termination and employee bonus costs) during the quarter in which the merger is consummated. These payments will be recorded as a post-merger charge to the combined statement of earnings of Mohawk and World in the quarter in which the merger was consummated, but they have not been included in the pro forma statement of earnings data. The pro forma information should be read in conjunction with the consolidated financial statements of Mohawk included in Mohawk's 1997 annual report (which is included in Mohawk's Form 10-K for the year ended December 31, 1997), Mohawk's quarterly report on Form 10-Q for the quarter ended September 26, 1998 and the financial statements of Mohawk and World included elsewhere herein. The pro forma condensed consolidated financial data are not necessarily indicative of actual or future operating results or financial position that will occur upon consummation of the merger.

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PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 26, 1998  
(IN THOUSANDS)

	ACTUAL		PRO FORMA	PRO FORMA
	MOHAWK	WORLD	ADJUSTMENTS	COMBINED
	-----	-----	-----	-----
ASSETS				
Current assets:				
Cash.....	\$ --	72	--	72
Receivables.....	307,069	53,252	(5,976) (1)	354,345
Inventories.....	356,266	75,479	--	431,745
Prepaid expenses.....	4,821	360	--	5,181
Deferred income taxes.....	27,670	9,535	--	37,205
	-----	-----	-----	-----
Total current assets.....	695,826	138,698	(5,976)	828,548
Property, plant and equipment, net.....	340,892	72,958	--	413,850
Other assets.....	90,401	8,678	--	99,079
	-----	-----	-----	-----
	\$1,127,119	220,334	(5,976)	1,341,477
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS'				
EQUITY				
Current liabilities:				
Current portion of long-term debt.....	\$ 32,209	6,111	--	38,320
Accounts payable and accrued				

expenses.....	305,521	65,050	7,093 (1) (2)	377,664
Total current liabilities....	337,730	71,161	7,093	415,984
Deferred income taxes.....	28,391	1,920	--	30,311
Long-term debt.....	268,365	72,754	--	341,119
Other long-term liabilities.....	5,363	969	(969) (1)	5,363
Total liabilities.....	639,849	146,804	6,124	792,777
Stockholders' equity:				
Capital stock.....	524	28,120	(28,071) (3)	573
Additional paid-in capital.....	139,593	--	28,071 (3)	167,664
Retained earnings.....	347,153	45,410	(12,100) (2)	380,463
Total stockholders' equity...	487,270	73,530	(12,100)	548,700
	\$1,127,119	220,334	(5,976)	1,341,477

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NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

- (1) Reflects reclassification of certain of World's reserves from liabilities to accounts receivable to reflect Mohawk's presentation.
- (2) Reflects \$12.1 million of after tax, non-recurring charges related to the merger.
- (3) Reflects issuance of approximately 4.9 million shares of Mohawk common stock in the merger.

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PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 26, 1998  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ACTUAL		PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	MOHAWK	WORLD		
Net sales.....	\$1,582,494	331,565	(3,661) (3)	1,910,398
Cost of sales.....	1,191,644	256,955	4,168 (3)	1,452,767
Gross profit.....	390,850	74,610	(7,829)	457,631
Selling, general and administrative expenses.....	244,116	59,736	(7,829) (3)	296,023
Operating income.....	146,734	14,874	--	161,608
Other expense:				
Interest expense.....	16,338	5,663	--	22,001
Other expense (income), net.....	1,752	(950)	--	802
	18,090	4,713	--	22,803
Earnings before income taxes....	128,644	10,161	--	138,805
Income tax expense (benefit).....	50,815	(716)	5,893 (4)	55,992
Net earnings.....	\$ 77,829	10,877	(5,893)	82,813
Basic earnings per share.....	\$ 1.49			1.45
Weighted-average common shares outstanding.....	52,310		4,900 (2)	57,210

Diluted earnings per share.....	\$ 1.47		1.43
Weighted-average common and dilutive potential common shares outstanding.....	53,057	4,900 (2)	57,957

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PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1997  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ACTUAL		PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	MOHAWK	WORLD		
Net sales.....	\$1,901,352	430,932	(4,943) (3)	2,327,341
Cost of sales.....	1,464,697	337,849	5,591 (3)	1,808,137
Gross profit.....	436,655	93,083	(10,534)	519,204
Selling, general and administrative expenses.....	286,996	78,066	(10,534) (3)	354,528
Carrying value reduction of property, plant and equipment and other assets..	5,500	--	--	5,500
Compensation expense for stock option exercises.....	2,600	--	--	2,600
Operating income.....	141,559	15,017	--	156,576
Other expense:				
Interest expense.....	26,457	8,094	--	34,551
Other expense (income), net.....	2,656	(2,209)	--	447
	29,113	5,885	--	34,998
Earnings before income taxes.....	112,446	9,132	--	121,578
Income tax expense (benefit).....	44,416	(2,155)	5,893 (4)	48,154
Net earnings.....	\$ 68,030	11,287	(5,893)	73,424
Basic earnings per share.....	\$ 1.31			1.29
Weighted-average common shares outstanding.....	51,912		4,900 (2)	56,812
Diluted earnings per share...	\$ 1.30			1.28
Weighted-average common and dilutive potential common shares outstanding.....	52,403		4,900 (2)	57,303

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PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1996  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ACTUAL		PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	MOHAWK	WORLD		
Net sales.....	\$1,779,389	377,811	(4,184) (3)	2,153,016
Cost of sales.....	1,372,022	298,691	4,508 (3)	1,675,221
Gross profit.....	407,367	79,120	(8,692)	477,795
Selling, general and administrative expenses.....	284,194	65,268	(8,692) (3)	340,770
Restructuring costs.....	700	--	--	700
Carrying value reduction of property, plant and equipment and other assets.....	3,060	--	--	3,060
Operating income.....	119,413	13,852	--	133,265
Other expense:				
Interest expense.....	31,486	6,036	--	37,522
Other expense (income), net.....	5,202	(1,122)	--	4,080
	36,688	4,914	--	41,602
Earnings before income taxes....	82,725	8,938	--	91,663
Income tax expense (benefit).....	33,675	(1,778)	6,388 (4)	38,285
Net earnings.....	\$ 49,050	10,716	(6,388)	53,378
Basic earnings per share.....	\$ 0.96			0.95
Weighted-average common shares outstanding.....	51,260		4,900 (2)	56,160
Diluted earnings per share.....	\$ 0.95			0.94
Weighted-average common and dilutive potential common shares outstanding.....	51,849		4,900 (2)	56,749

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PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1995  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ACTUAL		PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	MOHAWK	WORLD		
Net sales.....	\$1,648,517	319,591	(2,734) (3)	1,965,374
Cost of sales.....	1,281,887	261,141	2,768 (3)	1,545,796
Gross profit.....	366,630	58,450	(5,502)	419,578
Selling, general and administrative expenses.....	282,451	48,327	(5,502) (3)	325,276
Restructuring costs.....	8,439	--	--	8,439
Carrying value reduction of property, plant and equipment and other assets.....	23,711	--	--	23,711
Compensation expense for stock options.....	4,000	--	--	4,000
Operating income.....	48,029	10,123	--	58,152



Other expense:				
Interest expense.....	34,998	4,983	--	39,981
Other expense (income), net.....	2,570	(1,364)	--	1,206
	37,568	3,619	--	41,187
Earnings before income taxes....	10,461	6,504	--	16,965
Income taxes.....	4,049	491	2,411 (4)	6,951
Net earnings.....	\$ 6,412	6,013	(2,411)	10,014
Basic earnings per share.....	\$ 0.13			0.19
Weighted-average common shares outstanding.....	49,185		4,900 (2)	54,085
Diluted earnings per share.....	\$ 0.13			0.18
Weighted-average common and dilutive potential common shares outstanding.....	50,435		4,900 (2)	55,335

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NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

- (1) Mohawk's fiscal year ends on December 31. Prior to the merger, World's fiscal year ended on the Sunday closest to June 30. In recording the pro forma pooling-of-interests combination, World's financial statements for the nine-month period ended September 27, 1998 were combined with Mohawk's financial statements for the nine-month period ended September 26, 1998 and World's financial statements for the years ended June 28, 1998, June 29, 1997 and June 30, 1996 were combined with Mohawk's financial statements for the years ended December 31, 1997, 1996 and 1995, respectively.
- (2) All of the outstanding shares of World capital stock have been converted into approximately 4.9 million shares of Mohawk common stock.
- (3) Reflects the reclassification of World freight expense to net sales and World cut order department expense to cost of sales to conform to Mohawk's presentation.
- (4) Adjustment to reverse World's deferred tax asset valuation allowance which is not required based on Mohawk's ability to use World's net operating loss carryforwards.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MOHAWK INDUSTRIES, INC.

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(Registrant)

Date November 20, 1998

/s/ Frank H. Boykin

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Frank H. Boykin  
Corporate Controller

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 333-66061) of Mohawk Industries, Inc. of our report dated September 21, 1998 relating to the consolidated financial statements of World Carpets, Inc., which appears in the Current Report on Form 8-K of Mohawk Industries, Inc. dated November 20, 1998.

/s/ PricewaterhouseCoopers LLP  
Atlanta, Georgia  
November 19, 1998