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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[Mark One]

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 27, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 01-13697

MOHAWK INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**52-1604305**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
160 S. Industrial Blvd., Calhoun, Georgia	**30701**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (706) 629-7721

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock as of October 27, 2014, the latest practicable date, is as follows: 72,896,901 shares of common stock, $.01 par value.

MOHAWK INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	September 27, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 105,569	54,066
Receivables, net	1,209,557	1,062,875
Inventories	1,640,487	1,572,325
Prepaid expenses	233,763	204,034
Deferred income taxes	137,220	147,534
Other current assets	42,218	44,884
Total current assets	3,368,814	3,085,718
Property, plant and equipment	5,175,073	4,950,149
Less: accumulated depreciation	2,402,351	2,248,406
Property, plant and equipment, net	2,772,722	2,701,743
Goodwill	1,668,520	1,736,092
Tradenames	658,760	700,592
Other intangible assets subject to amortization, net	87,544	111,010
Deferred income taxes and other non-current assets	145,100	159,022
	$ 8,701,460	8,494,177
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and commercial paper	$ 583,495	127,218
Accounts payable and accrued expenses	1,247,862	1,193,593
Total current liabilities	1,831,357	1,320,811
Deferred income taxes	374,947	445,823
Long-term debt, less current portion	1,806,821	2,132,790
Other long-term liabilities	111,817	124,447
Total liabilities	4,124,942	4,023,871
Commitments and contingencies (Notes 9 and 15)		
Stockholders' equity:		
Preferred stock, $.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, $.01 par value; 150,000 shares authorized; 81,052 and 80,841 shares issued in 2014 and 2013, respectively	811	808
Additional paid-in capital	1,592,038	1,566,985
Retained earnings	3,340,211	2,953,809
Accumulated other comprehensive income (loss), net	(122,885)	178,689
	4,810,175	4,700,291
Less treasury stock at cost; 8,157 and 8,155 shares in 2014 and 2013, respectively	239,450	239,234
Total Mohawk Industries, Inc. stockholders' equity	4,570,725	4,461,057
Noncontrolling interest	5,793	9,249
Total stockholders' equity	4,576,518	4,470,306
	$ 8,701,460	8,494,177

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Net sales	$ 1,990,658	1,961,536	5,852,000	5,424,650
Cost of sales	1,434,236	1,444,646	4,239,411	4,016,638
Gross profit	556,422	516,890	1,612,589	1,408,012
Selling, general and administrative expenses	342,729	340,987	1,045,913	1,012,069
Operating income	213,693	175,903	566,676	395,943
Interest expense	34,786	25,630	77,584	70,098
Other (income) expense, net	(2,374)	1,168	961	6,458
Earnings from continuing operations before income taxes	181,281	149,105	488,131	319,387
Income tax expense	30,021	28,993	102,957	62,965
Earnings from continuing operations	151,260	120,112	385,174	256,422
Loss from discontinued operations, net of income tax benefit of $297 and $782, respectively	—	(553)	—	(1,914)
Net earnings including noncontrolling interest	151,260	119,559	385,174	254,508
Net income (loss) attributable to noncontrolling interest	(6)	491	77	373
Net earnings attributable to Mohawk Industries, Inc.	$ 151,266	119,068	385,097	254,135
Basic earnings per share attributable to Mohawk Industries, Inc.				
Income from continuing operations	$ 2.08	1.65	5.29	3.59
Loss from discontinued operations	—	(0.01)	—	(0.03)
Basic earnings per share attributable to Mohawk Industries, Inc.	$ 2.08	1.64	5.29	3.56
Weighted-average common shares outstanding—basic	72,864	72,575	72,814	71,467
Diluted earnings per share attributable to Mohawk Industries, Inc.				
Income from continuing operations	$ 2.06	1.64	5.25	3.56
Loss from discontinued operations	—	(0.01)	—	(0.03)
Diluted earnings per share attributable to Mohawk Industries, Inc.	$ 2.06	1.63	5.25	3.53
Weighted-average common shares outstanding—diluted	73,376	73,087	73,332	71,975

See accompanying notes to condensed consolidated financial statements.

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MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Net earnings including noncontrolling interest	$ 151,260	119,559	385,174	254,508
Other comprehensive income (loss):				
Foreign currency translation adjustments	(258,276)	96,445	(301,590)	(13,689)
Pension prior service cost and actuarial gain	12	(26)	16	181
Other comprehensive income (loss)	(258,264)	96,419	(301,574)	(13,508)
Comprehensive income (loss)	(107,004)	215,978	83,600	241,000
Comprehensive income (loss) attributable to the noncontrolling interest	(6)	491	77	373
Comprehensive income (loss) attributable to Mohawk Industries, Inc.	$ (106,998)	215,487	83,523	240,627

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 27, 2014	September 28, 2013
Cash flows from operating activities:		
Net earnings	$ 385,174	254,508
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Restructuring	14,078	42,062
Depreciation and amortization	249,905	222,542
Deferred income taxes	(44,842)	(39,799)
Loss on extinguishment of debt	16,530	—
Loss on disposal of property, plant and equipment	511	1,714
Stock-based compensation expense	21,497	13,834
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	(187,243)	(166,592)
Inventories	(108,875)	(45,924)
Accounts payable and accrued expenses	20,911	46,856
Other assets and prepaid expenses	(28,266)	15,153
Other liabilities	(15,957)	(17,381)
Net provided by operating activities	323,423	326,973
Cash flows from investing activities:		
Additions to property, plant and equipment	(391,580)	(255,523)
Acquisitions, net of cash acquired	19	(449,466)
Net cash used in investing activities	(391,561)	(704,989)
Cash flows from financing activities:		
Payments on Senior Credit Facilities	(1,399,286)	(2,113,593)
Proceeds from Senior Credit Facilities	1,048,237	2,407,701
Payments on Commercial Paper	(4,589,051)	—
Proceeds from Commercial Paper	5,158,101	—
Repayment of senior notes	(200,000)	—
Proceeds from 3.85% Senior Notes	—	600,000
Payments of acquired debt and other financings	(39,921)	(940,290)
Net change in asset securitization borrowings	200,000	20,000
Payments on other debt	(52,920)	(1,678)
Debt issuance costs	—	(7,652)
Debt extinguishment costs	(15,450)	—
Change in outstanding checks in excess of cash	5,327	(7,004)
Proceeds and net tax benefit from stock transactions	11,550	38,633
Net cash provided by (used in) financing activities	126,587	(3,883)
Effect of exchange rate changes on cash and cash equivalents	(6,946)	(32,193)
Net change in cash and cash equivalents	51,503	(414,092)
Cash and cash equivalents, beginning of period	54,066	477,672
Cash and cash equivalents, end of period	$ 105,569	63,580

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)
(Unaudited)

1. General

Interim Reporting

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These statements should be read in conjunction with the consolidated financial statements and notes thereto, and the Company's description of critical accounting policies, included in the Company's 2013 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Results for interim periods are not necessarily indicative of the results for the year.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. This topic converges the guidance within U.S. generally accepted accounting principles and international financial reporting standards and supersedes ASC 605, *Revenue Recognition*. The new standard requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The new guidance is effective for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period and early application is not permitted. Accordingly, the Company plans to adopt the provisions of this new accounting standard at the beginning of fiscal year 2017, and is currently assessing the impact on its consolidated financial statements.

2. Acquisitions

Marazzi Acquisition

On December 20, 2012, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with LuxELIT S.á r.l., a Luxembourg limited liability company, and Finceramica S.p.A., an Italian corporation (collectively, "Sellers"), to acquire the shares of Fintiles S.p.A., an Italian corporation ("Marazzi"). On April 3, 2013, pursuant to the terms of the Share Purchase Agreement, the Company completed the acquisition of Marazzi for an enterprise value of $1,522,731, including acquired indebtedness. The Marazzi results are reflected in the Ceramic segment.

The equity value of Marazzi was paid to the Sellers in cash and in the Company's common stock (the "Shares"). The number of Shares transferred as part of the consideration was calculated using the average closing price for the Company's common stock over a 30-day trading period ending March 19, 2013.

Pursuant to the Share Purchase Agreement, the Company (i) acquired the entire issued share capital of Marazzi and (ii) assumed $901,773 of indebtedness of Marazzi, in exchange for the following consideration:

- A cash payment of $307,052; and
- 2,874 newly issued Shares for a value of $313,906.

The Company funded the cash portion of the Marazzi acquisition through a combination of proceeds from the 3.85% Senior Notes (as discussed in Note 16), cash on hand and borrowings under the 2011 Senior Credit Facility. The Company incurred $402 and $14,214 of direct transaction costs which were recorded in selling, general and administrative expenses in the three and nine months ended September 28, 2013, respectively. The Company incurred $15,660 of direct transaction costs, of which $14,199 were recorded in selling, general and administrative expenses and $1,461 were recorded in other expenses for the year ended December 31, 2013.

The Marazzi acquisition makes the Company a global leader in ceramic tile. The addition of Marazzi allows the Company to expand its U.S. distribution, source ceramic tile from a worldwide base, and provide industry leading innovation and design to all of its global ceramic customers. The acquisition provides opportunities to improve performance by leveraging best practices, operational expertise, product innovation and manufacturing assets across the enterprise.

The following table summarizes the allocation of the aggregate purchase price of the Marazzi acquisition to the estimated fair values of the tangible and identifiable intangible assets acquired and liabilities assumed:

Enterprise value	$	1,522,731
Assumed indebtedness		(901,773)
Consideration transferred	$	620,958

Working capital	$	428,624
Property, plant and equipment, net		773,594
Tradenames		215,357
Customer relationships		21,792
Equity method investments		32
Goodwill		276,586
Other long-term assets		18,499
Long-term debt, including current portion		(901,773)
Other long-term liabilities		(70,090)
Deferred tax liability		(135,455)
Noncontrolling interest		(6,208)
Consideration transferred	$	620,958

Intangible assets subject to amortization of $21,792 related to customer relationships have an estimated average life of 10 years. In addition to the amortizable intangible assets, there is an additional $215,357 in indefinite-lived trademark intangible assets. The goodwill of $276,586 was allocated to the Ceramic segment. The factors contributing to the recognition of the amount of goodwill are based on several strategic and synergistic benefits that are expected to be realized from the Marazzi acquisition. These benefits include opportunities to improve the Company's ceramic performance by leveraging best practices, operational expertise, product innovation and manufacturing assets across the segment. The goodwill is not expected to be deductible for tax purposes. The fair value of inventories acquired included a step-up in the value of inventories of approximately $12,297 and $31,041 which was charged to cost of sales in the three and nine months ended September 28, 2013, respectively.

In connection with the acquisition of Marazzi, the Company became a party to an off-balance sheet accounts receivable securitization facility ("Marazzi Securitization Facility") pursuant to which the Company services receivables sold to a third party. As of September 27, 2014, the amount utilized under the Marazzi Securitization Facility was €3,713. The Company is in the process of terminating this facility.

The following unaudited pro forma consolidated results of operations have been prepared as if the Marazzi acquisition occurred as of January 1, 2012:

		Three Months Ended		Nine Months Ended	
		September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Net Sales:					
As reported	$	1,990,658	1,961,536	5,852,000	5,424,650
Pro forma	$	1,990,658	1,961,536	5,852,000	5,687,131
Net earnings from continuing operations attributable to Mohawk Industries, Inc.:					
As reported	$	151,266	119,621	385,097	256,049
Pro forma	$	151,266	129,532	385,097	288,682
Basic earnings per share from continuing operations attributable to Mohawk Industries, Inc.:					
As reported	$	2.08	1.65	5.29	3.59
Pro forma	$	2.08	1.78	5.29	3.99
Diluted earnings per share from continuing operations attributable to Mohawk Industries, Inc.:					
As reported	$	2.06	1.64	5.25	3.56
Pro forma	$	2.06	1.77	5.25	3.96

The pro forma earnings and per share results for the three and nine months ended September 28, 2013 have been prepared for comparative purposes only, and they do not purport to be indicative of the results of operations that actually would have resulted had the acquisition occurred on the date indicated or that may result in the future.

Other Acquisitions

On January 10, 2013, the Company completed its purchase of Pergo, a leading manufacturer of laminate flooring in the U.S. and the Nordic countries. The total value of the acquisition was approximately $145,000. Pergo complements the Company's specialty distribution network in the U.S., leverages its geographic position in Europe, expands its geographic reach to the Nordic countries and India and enhances its patent portfolio. The acquisition's results and purchase price allocation have been included in the condensed consolidated financial statements since the date of the acquisition. The Company's acquisition of Pergo resulted in a goodwill allocation of $18,456, indefinite-lived trademark intangible assets of $16,834 and intangible assets subject to amortization of $15,188. The goodwill is not expected to be deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill include the opportunity to optimize the assets of Pergo with the Company's existing Laminate and Wood assets while strengthening the design and product performance of the Pergo and Unilin brands. The Pergo results are reflected in the Laminate and Wood segment.

On May 3, 2013, the Company completed the acquisition of Spano, a Belgian panel board manufacturer. The total value of the acquisition was approximately $160,000. Spano extends the Laminate and Wood segment's customer base into new channels of distribution and adds technical expertise and product knowledge that the Company can leverage. The acquisition's results and a purchase price allocation have been included in the condensed consolidated financial statements since the date of the acquisition. The Company's acquisition of Spano resulted in a goodwill allocation of $37,739. The goodwill is not expected to be deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill include the extension of the Company's customer base into new channels of distribution and the opportunity for synergies in manufacturing assets and processes, raw materials and operational efficiencies. The Spano results are reflected in the Laminate and Wood segment.

3. Restructuring, acquisition and integration-related costs

The Company incurs costs in connection with acquiring, integrating and restructuring acquisitions and in connection with its global cost-reduction/productivity initiatives. For example:

- In connection with acquisition activity, the Company typically incurs costs associated with executing the transactions, integrating the acquired operations (which may include expenditures for consulting and the integration of systems and processes), and restructuring the combined company (which may include charges related to employees, assets and activities that will not continue in the combined company); and
- In connection with the Company's cost-reduction/productivity initiatives, it typically incurs costs and charges associated with site closings and other facility rationalization actions and workforce reductions.

Restructuring, acquisition transaction and integration-related costs consisted of the following during the three and nine months ended September 27, 2014 and September 28, 2013:

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Cost of sales				
Restructuring costs	$ 3,862	9,786	9,396	24,116
Acquisition integration-related costs	3,399	4,913	10,257	8,328
Restructuring and integration-related costs	$ 7,261	14,699	19,653	32,444
Selling, general and administrative expenses				
Restructuring costs	$ 1,465	3,887	4,682	17,946
Acquisition transaction-related costs	—	402	—	14,214
Acquisition integration-related costs	5,287	5,423	12,572	10,984
Restructuring, acquisition and integration-related costs	$ 6,752	9,712	17,254	43,144

The restructuring activity for the nine months ended September 27, 2014 is as follows:

	Lease impairments	Asset write-downs	Severance	Other restructuring costs	Total
Balance as of December 31, 2013	$ 5,904	—	18,144	—	24,048
Provision - Ceramic segment	—	4,192	823	(590)	4,425
Provision - Laminate and Wood segment	—	—	2,511	7,142	9,653
Cash payments	(3,462)	—	(15,831)	(7,142)	(26,435)
Non-cash items	—	(4,192)	—	590	(3,602)
Balance as of September 27, 2014	$ 2,442	—	5,647	—	8,089

The Company expects the remaining lease impairments, severance and other restructuring costs to be paid over the next five years.

4. Discontinued operations

On January 22, 2014, the Company sold a non-core sanitary ware business acquired as part of the Marazzi acquisition because the Company did not believe the business was consistent with its long-term strategy. The Company determined that the business meets the definition of discontinued operations. Sales attributable to discontinued operations for the year ended December 31, 2013 were immaterial. The loss on sale of $16,569 ($15,651, net of tax) related to the disposition of the business was recorded in discontinued operations for the year ended December 31, 2013.

5. Receivables, net

Receivables, net are as follows:

	September 27, 2014	December 31, 2013
Customers, trade	$ 1,226,818	1,076,824
Income tax receivable	6,761	7,590
Other	54,236	55,498
	1,287,815	1,139,912
Less: allowance for discounts, returns, claims and doubtful accounts	78,258	77,037
Receivables, net	$ 1,209,557	1,062,875

6. Inventories

The components of inventories are as follows:

	September 27, 2014	December 31, 2013
Finished goods	$ 1,087,554	1,039,478
Work in process	133,605	129,080
Raw materials	419,328	403,767
Total inventories	$ 1,640,487	1,572,325

7. Goodwill and intangible assets

The components of goodwill and other intangible assets are as follows:

Goodwill:

	Carpet segment	Ceramic segment	Laminate and Wood segment	Total
Balance as of December 31, 2013				
Goodwill	$ 199,132	1,459,812	1,404,573	3,063,517
Accumulated impairment losses	(199,132)	(531,930)	(596,363)	(1,327,425)
	$ —	927,882	808,210	1,736,092
Goodwill recognized or adjusted during the period		(2,497)	7,775	5,278
Currency translation during the period		(23,549)	(49,301)	(72,850)
Balance as of September 27, 2014				
Goodwill	$ 199,132	1,433,766	1,363,047	2,995,945
Accumulated impairment losses	(199,132)	(531,930)	(596,363)	(1,327,425)
	$ —	901,836	766,684	1,668,520

During the first quarter of 2014, the Company acquired certain assets of a wood business in the Laminate and Wood segment for $303, resulting in a preliminary goodwill allocation of $6,662.

Intangible assets not subject to amortization:

	Tradenames
Balance as of December 31, 2013	$ 700,592
Currency translation during the period	(41,832)
Balance as of September 27, 2014	$ 658,760

Intangible assets subject to amortization:

Gross carrying amounts:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2013	$ 383,359	307,186	1,501	692,046
Currency translation during the period	(18,825)	(24,957)	(6)	(43,788)
Balance as of September 27, 2014	$ 364,534	282,229	1,495	648,258

Accumulated amortization:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2013	$ 342,361	238,115	560	581,036
Amortization during the period	5,225	13,369	93	18,687
Currency translation during the period	(18,811)	(20,194)	(4)	(39,009)
Balance as of September 27, 2014	$ 328,775	231,290	649	560,714
Intangible assets subject to amortization, net	$ 35,759	50,939	846	87,544

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Amortization expense	$ 6,140	13,288	18,687	19,262

8. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

	September 27, 2014	December 31, 2013
Outstanding checks in excess of cash	$ 23,331	18,012
Accounts payable, trade	715,099	631,732
Accrued expenses	269,628	273,230
Product warranties	31,003	35,818
Accrued interest	13,395	35,618
Income taxes payable	20,639	1,095
Deferred tax liability	9,705	11,235
Accrued compensation and benefits	165,062	186,853
Total accounts payable and accrued expenses	$ 1,247,862	1,193,593

9. Product warranties

The Company warrants certain qualitative attributes of its products for up to 50 years. The Company records a provision for estimated warranty and related costs in accrued expenses, based on historical experience, and periodically adjusts these provisions to reflect actual experience.

The activity related to warranty obligations is as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Balance at beginning of period	$ 32,236	33,674	35,818	32,930
Warranty claims paid during the period	(11,720)	(12,144)	(41,606)	(41,751)
Acquisitions	—	48	—	3,331
Warranty expense during the period	10,487	11,989	36,791	39,057
Balance at end of period	$ 31,003	33,567	31,003	33,567

10. Accumulated other comprehensive income (loss)

The changes in accumulated other comprehensive income by component, net of tax, for the nine months ended September 27, 2014 are as follows:

	Foreign currency translation adjustments	Pensions (1)	Total
Balance as of December 31, 2013	$ 178,846	(157)	178,689
Current period other comprehensive income (loss) before reclassifications	(301,590)	16	(301,574)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Balance as of September 27, 2014	$ (122,744)	(141)	(122,885)

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost (refer to Note 13 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013).

11. Stock-based compensation

The Company recognizes compensation expense for all share-based payments granted based on the grant-date fair value estimated in accordance with the provisions of the Financial Accounting Standards Board Accounting Standards Codification topic (“ASC”) 718-10. Compensation expense is recognized on a straight-line basis over the options’ or other awards’ estimated lives for fixed awards with ratable vesting provisions.

Under the Company’s 2012 Incentive Plan (“2012 Plan”), the Company's principal stock compensation plan as of May 9, 2012, the Company reserved up to a maximum of 3,200 shares of common stock for issuance upon the grant or exercise of stock options, restricted stock, restricted stock units (“RSUs”) and other types of awards, to directors and key employees through 2022. Option awards are granted with an exercise price equal to the market price of the Company’s common stock on the date of the grant and generally vest between three and five years with a 10-year contractual term. Restricted stock and RSUs are granted with a price equal to the market price of the Company’s common stock on the date of the grant and generally vest between three and five years.

The Company did not grant any options for the three and nine months ended September 27, 2014 and September 28, 2013. The Company recognized stock-based compensation costs related to stock options of $191 ($121 net of taxes) and $251 ($159 net of taxes) for the three months ended September 27, 2014 and September 28, 2013, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. The Company recognized stock-based compensation costs related to stock options of $666 ($422 net of taxes) and $1,107 ($701 net of taxes) for the nine months ended September 27, 2014 and September 28, 2013, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. Pre-tax unrecognized compensation expense for stock options granted to employees and outside directors, net of estimated forfeitures, was $404 as of September 27, 2014, and will be recognized as expense over a weighted-average period of approximately 0.7 years.

The fair value of the option award is estimated on the date of grant using the Black-Scholes-Merton valuation model. Expected volatility is based on the historical volatility of the Company’s common stock. The Company uses historical data to estimate option exercise and forfeiture rates within the valuation model.

The Company did not grant any RSUs for the three months ended September 27, 2014. The Company granted 189 RSUs at a weighted-average grant-date fair value of $144.75 per unit for the nine months ended September 27, 2014. The Company granted 2 RSUs at a weighted-average grant-date fair value per unit of $115.79 for the three months ended September 28, 2013. The Company granted 301 RSUs at a weighted-average grant-date fair value per unit of $110.14 for the nine months ended September 28, 2013. The Company recognized stock-based compensation costs related to the issuance of RSUs of $7,119 ($4,510 net of taxes) and $4,085 ($2,588 net of taxes) for the three months ended September 27, 2014 and September 28, 2013, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. The Company recognized stock-based compensation costs related to the issuance of RSUs of $20,831 ($13,196 net of taxes) and $12,727 ($8,063 net of taxes) for the nine months ended September 27, 2014 and September 28, 2013, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. Pre-tax unrecognized compensation expense for unvested RSUs granted to employees, net of estimated forfeitures, was $35,753 as of September 27, 2014, and will be recognized as expense over a weighted-average period of approximately 2.20 years.

12. Other (income) expense, net

Other (income) expense is as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Foreign currency (gains) losses, net	$ (163)	3,061	4,693	6,093
All other, net	(2,211)	(1,893)	(3,732)	365
Total other (income) expense, net	$ (2,374)	1,168	961	6,458

13. Earnings per share

Basic earnings per common share is computed by dividing earnings from continuing operations attributable to Mohawk Industries, Inc. by the weighted average number of common shares outstanding during each period. Diluted earnings per common share assumes the exercise of outstanding stock options and the vesting of RSUs using the treasury stock method when the effects of such assumptions are dilutive. A reconciliation of earnings from continuing operations attributable to Mohawk Industries, Inc. and weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share is as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Earnings from continuing operations attributable to Mohawk Industries, Inc.	$ 151,266	119,621	385,097	256,049
Weighted-average common shares outstanding-basic and diluted:				
Weighted-average common shares outstanding—basic	72,864	72,575	72,814	71,467
Add weighted-average dilutive potential common shares—options to purchase common shares and RSUs, net	512	512	518	508
Weighted-average common shares outstanding-diluted	73,376	73,087	73,332	71,975
Earnings per share from continuing operations attributable to Mohawk Industries, Inc.				
Basic	$ 2.08	1.65	5.29	3.59
Diluted	$ 2.06	1.64	5.25	3.56

14. Segment reporting

The Company has three reporting segments: the Carpet segment, the Ceramic segment and the Laminate and Wood segment. The Carpet segment designs, manufactures, sources and markets its floor covering product lines, including carpets, ceramic tile, laminate, rugs, carpet pad, hardwood and resilient, which it distributes primarily in North America through its network of regional distribution centers and satellite warehouses using company-operated trucks, common carrier or rail transportation. The segment's product lines are sold through various selling channels, which include independent floor covering retailers, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial dealers and commercial end users. The Ceramic segment designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone and other products, which it distributes primarily in North America, Europe and Russia through its network of regional distribution centers and Company-operated service centers using company-operated trucks, common carriers or rail transportation. The segment's product lines are sold through Company-operated service centers, independent distributors, home center retailers, tile and flooring retailers and contractors. The Laminate and Wood segment designs, manufactures, sources, licenses and markets laminate, hardwood flooring, roofing elements, insulation boards, medium-density fiberboard ("MDF"), chipboards and other wood products, which it distributes primarily in North America and Europe through various selling channels, which include retailers, independent distributors and home centers.

The accounting policies for each operating segment are consistent with the Company's policies for the consolidated financial statements. Amounts disclosed for each segment are prior to any elimination or consolidation entries. Corporate general and administrative expenses attributable to each segment are estimated and allocated accordingly. Segment performance is evaluated based on operating income.

Segment information is as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Net sales:				
Carpet segment	$ 778,849	772,751	2,234,083	2,238,953
Ceramic segment	779,842	767,005	2,271,660	1,939,054
Laminate and Wood segment	462,574	450,723	1,431,839	1,326,178
Intersegment sales	(30,607)	(28,943)	(85,582)	(79,535)
	$ 1,990,658	1,961,536	5,852,000	5,424,650
Operating income (loss):				
Carpet segment	$ 74,082	68,836	171,179	148,936
Ceramic segment	101,254	75,908	268,320	152,188
Laminate and Wood segment	44,768	39,020	149,730	119,075
Corporate and intersegment eliminations	(6,411)	(7,861)	(22,553)	(24,256)
	$ 213,693	175,903	566,676	395,943

	September 27, 2014	December 31, 2013
Assets:		
Carpet segment	$ 2,016,109	1,786,085
Ceramic segment	3,788,164	3,787,785
Laminate and Wood segment	2,672,599	2,716,759
Corporate and intersegment eliminations	224,588	203,548
	$ 8,701,460	8,494,177

15. Commitments, contingencies and other

The Company is involved in litigation from time to time in the regular course of its business. Except as noted below, there are no material legal proceedings pending or known by the Company to be contemplated to which the Company is a party or to which any of its property is subject.

Beginning in August 2010, a series of civil lawsuits were initiated in several U.S. federal courts alleging that certain manufacturers of polyurethane foam products and competitors of the Company's carpet underlay division had engaged in price fixing in violation of U.S. antitrust laws. The Company has been named as a defendant in a number of the individual cases (the first filed on August 26, 2010), as well as in two consolidated amended class action complaints the first filed on February 28, 2011, on behalf of a class of all direct purchasers of polyurethane foam products, and the second filed on March 21, 2011, on behalf of a class of indirect purchasers. All pending cases in which the Company has been named as a defendant have been filed in or transferred to the U.S. District Court for the Northern District of Ohio for consolidated pre-trial proceedings under the name In re: Polyurethane Foam Antitrust Litigation, Case No. 1:10-MDL-02196.

In these actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. The direct purchaser class currently claims damages from all of the defendants named in the lawsuit of up to approximately $1,200,000 which amount will be reduced by the value of claims made by plaintiffs that opt out of the class. Any damages actually awarded at trial are subject to being tripled under US antitrust laws. The amount of damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

In April 2011, the Company filed a motion to dismiss the class action claims brought by the direct purchasers, and in May 2011, the Company moved to dismiss the claims brought by the indirect purchasers. On July 19, 2011, the Court denied all defendants’ motions to dismiss. On April 9, 2014, the Court certified the direct and indirect purchaser classes. The Company sought permission to appeal the certification order on April 24, 2014, and the petition was denied by the U.S. Court of Appeals for the Sixth Circuit on September 29, 2014.

In December 2011, the Company was named as a defendant in a Canadian Class action, *Hi! Neighbor Floor Covering Co. Limited v. Hickory Springs Manufacturing Company, et al*., filed in the Superior Court of Justice of Ontario, Canada and *Options Consommateures v. Vitafoam, Inc. et.al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which allege similar claims against the Company as raised in the U.S. actions and seek unspecified damages and punitive damages. The Company denies all of the allegations in these actions and will vigorously defend itself.

In January 2012, the Company received a €23,789 assessment from the Belgian tax authority related to its year ended December 31, 2008, asserting that the Company had understated its Belgian taxable income for that year. The Company filed a formal protest in the first quarter of 2012 refuting the Belgian tax authority's position. The Belgian tax authority set aside the assessment in the third quarter of 2012 and refunded all related deposits, including interest income of €1,583 earned on such deposits. However, on October 23, 2012, the Belgian tax authority notified the Company of its intent to increase the Company's taxable income for the year ended December 31, 2008 under a revised theory. On May 20, 2014, the Company was re-assessed by the Belgian tax authority for the year ended December 31, 2008 in the amount of €30,132 including penalties, but excluding interest. The Company filed a formal protest in August 2014.

On December 28, 2012, the Belgian tax authority issued assessments for the years ended December 31, 2005 and December 31, 2009, in the amounts of €46,135 and €35,567, respectively, including penalties, but excluding interest. The Company filed a formal protest during the first quarter of 2013 relating to the new assessments. In September 2013, the Belgian tax authority denied the Company's protests, and the Company has petitioned the applicable Belgian court to hear the case.

In December 2013, the Belgian tax authority issued additional assessments related to the years ended December 31, 2006, 2007, and 2010, in the amounts of €38,817, €39,635, and €43,117, respectively, including penalties, but excluding interest. The Company filed formal protests during the first quarter of 2014, refuting the Belgian tax authority's position for each of the years assessed. In August 2014, the Belgian tax authority denied these protests and the Company plans to petition the applicable Belgian court to hear the case.

The Company continues to disagree with the views of the Belgian tax authority on this matter and will persist in its vigorous defense. Although there can be no assurances, the Company believes the ultimate outcome of these actions will not have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations, liquidity or cash flows in a given quarter or year.

The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses that are reasonably estimable. These contingencies are subject to significant uncertainties and we are unable to estimate the amount or range of loss, if any, in excess of amounts accrued. The Company does not believe that the ultimate outcome of these actions will have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations, cash flows or liquidity in a given quarter or year.

16. Debt

Commercial Paper

On February 28, 2014, the Company entered into definitive documentation to establish a commercial paper program for the issuance of unsecured commercial paper in the United States capital markets. Under the program, the Company may issue commercial paper notes from time to time in an aggregate amount not to exceed $1,000,000 outstanding at any time, subject to availability under the 2013 Senior Credit Facility, which the Company uses as a liquidity backstop. The commercial paper notes will have maturities ranging from one day to 397 days and will not be subject to voluntary prepayment by the Company or redemption prior to maturity. The commercial paper notes will rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

The proceeds from the sale of commercial paper notes will be available for general corporate purposes. The Company used the initial proceeds from the sale of commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. As of September 27, 2014, the amount utilized under the commercial paper program was $569,050 with a weighted-average interest rate and maturity period of 0.63% and 42 days, respectively.

Senior Credit Facility

On September 25, 2013, the Company entered into a $1,000,000, 5-year, senior revolving credit facility (the "2013 Senior Credit Facility"). The 2013 Senior Credit Facility provides for a maximum of $1,000,000 of revolving credit, including limited amounts of credit in the form of letters of credit and swingline loans. The Company paid financing costs of $1,836 in connection with its 2013 Senior Credit Facility. These costs were deferred and, along with unamortized costs of $11,440 related to the Company's 2011 Credit Facility, are being amortized over the term of the 2013 Senior Credit Facility.

At the Company's election, revolving loans under the 2013 Senior Credit Facility bear interest at annual rates equal to either (a) LIBOR for 1, 2, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 1.00% and 1.75%, or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, and a monthly LIBOR rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75%. The Company also pays a commitment fee to the Lenders under the 2013 Senior Credit Facility on the average amount by which the aggregate commitments of the Lenders' exceed utilization of the 2013 Senior Credit Facility ranging from 0.125% to 0.25% per annum. The applicable interest rate and the commitment fee are determined based on whichever of the Company's Consolidated Net Leverage Ratio or its senior unsecured debt rating (or if not available, corporate family rating) results in the lower applicable margins and commitment fee (with applicable margins and the commitment fee increasing as that ratio increases or those ratings decline, as applicable).

The obligations of the Company and its subsidiaries in respect of the 2013 Senior Credit Facility are unsecured.

If at any time (a) both (i) the Moody's Rating is Ba2 and (ii) the S&P Rating is BB, (b) (i) the Moody's Rating is Ba3 or lower and (ii) the S&P Rating is below BBB- (with a stable outlook or better) or (c) (i) the Moody's Rating is below Baa3 (with a stable outlook or better) and (ii) the S&P Rating is BB- or lower, the obligations of the Company and the other Borrowers under the 2013 Senior Credit Facility will be required to be guaranteed by all of the Company's material domestic subsidiaries and all obligations of Borrowers that are foreign subsidiaries will be required to be guaranteed by those foreign subsidiaries of the Company which the Company designates as guarantors.

The 2013 Senior Credit Facility includes certain affirmative and negative covenants that impose restrictions on the Company's financial and business operations, including limitations on liens, indebtedness, investments, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, payments and modifications of certain existing debt, future negative pledges, and changes in the nature of the Company's business. Many of these limitations are subject to numerous exceptions. The Company is also required to maintain a Consolidated Interest Coverage Ratio of at least 3.0 to 1.0 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.0, each as of the last day of any fiscal quarter.

The 2013 Senior Credit Facility also contains customary representations and warranties and events of default, subject to customary grace periods.

The 2013 Senior Credit Facility is scheduled to mature on September 25, 2018. However, the maturity date will accelerate, resulting in the acceleration of any unamortized deferred financing costs, to October 16, 2015, if on that date any of the Company's 6.125% notes due January 15, 2016 remains outstanding and the Company has not delivered to the Administrative Agent a certificate demonstrating that, after giving pro forma effect to the repayment in cash in full on that date of all of the 6.125% notes that remain outstanding, the amount the Company would be permitted to draw under the 2013 Senior Credit Facility, together with the aggregate consolidated amount of unrestricted cash and cash equivalents of the Company, would exceed $200,000. While there can be no assurance, the Company currently believes that if any of the 6.125% notes remains outstanding on October 16, 2015, the amount the Company would be permitted to draw under the 2013 Senior Credit Facility, together with the aggregate consolidated amount of the Company's unrestricted cash and cash equivalents, would exceed $200,000 on October 16, 2015.

As of September 27, 2014, amounts utilized under the facility included $10,380 of borrowings and $39,217 of standby letters of credit related to various insurance contracts and foreign vendor commitments. The Company also considers the outstanding borrowings of $569,050 as of September 27, 2014 under its commercial paper program to be a reduction of the available capacity. Taking the commercial paper borrowings into consideration, the Company has utilized $618,647 under the 2013 Senior Credit Facility resulting in a total of $381,353 available under the 2013 Senior Credit Facility.

Senior Notes

On January 31, 2013, the Company issued $600,000 aggregate principal amount of 3.85% Senior Notes due February 1, 2023. The Company paid financing costs of $6,000 in connection with the 3.85% Senior Notes. These costs were deferred and are being amortized over the term of the 3.85% Senior Notes.

On January 17, 2006, the Company issued $900,000 aggregate principal amount of 6.125% notes due January 15, 2016. Interest payable on these notes is subject to adjustment if either Moody's or S&P, or both, upgrades or downgrades the rating assigned to the Company. Each rating agency downgrade results in a 0.25% increase in the interest rate, subject to a maximum increase of 1% per rating agency. If later the rating of these notes improves, then the interest rates would be reduced accordingly. Each 0.25% increase in the interest rate of these notes would increase the Company's interest expense by approximately $63 per quarter per $100,000 of outstanding notes. The current rate in effect is 6.125%. Any future downgrades in the Company's credit ratings could increase the cost of its existing credit and adversely affect the cost of and ability to obtain additional credit in the future.

On August 15, 2014, the Company purchased for cash approximately $200,000 aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 107.73% of the principal amount, resulting in a premium to redeeming noteholders of approximately $15,450. The premium as well as the fees of $1,080 associated with the redemption are included in interest expense on the condensed consolidated statement of operations for the three and nine months ended September 27, 2014.

Accounts Receivable Securitization

On December 19, 2012, the Company entered into a three-year on-balance sheet trade accounts receivable securitization agreement (the "Securitization Facility"). On September 11, 2014, the Company made certain modifications to its Securitization Facility, which modifications, among other things, increased the aggregate borrowings available under the facility from $300,000 to $500,000 and decreased the interest margins on certain borrowings. Under the terms of the Securitization Facility, certain subsidiaries of the Company sell at a discount certain of their trade accounts receivable (the "Receivables") to Mohawk Factoring, LLC ("Factoring") on a revolving basis. Factoring is a wholly owned, bankruptcy remote subsidiary of the Company, meaning that Factoring is a separate legal entity whose assets are available to satisfy the claims of the creditors of Factoring only, not the creditors of the Company or the Company's other subsidiaries. To fund such purchases, Factoring may borrow up to $500,000 based on the amount of eligible Receivables owned by Factoring, and Factoring has granted a security interest in all of such Receivables to the third-party lending group as collateral for such borrowings. Amounts loaned to Factoring under the Securitization Facility bear interest at commercial paper interest rates, in the case of lenders that are commercial paper conduits, or LIBOR, in the case of lenders that are not commercial paper conduits, in each case, plus an applicable margin of 0.70% per annum. Factoring also pays a commitment fee at a per annum rate of 0.35% on the unused amount of each lender's commitment.

At September 27, 2014, the amount utilized under the Securitization Facility was $500,000.

The fair values and carrying values of our debt instruments are detailed as follows:

	September 27, 2014		December 31, 2013	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.85% senior notes, payable January 31, 2023; interest payable semiannually	$ 598,800	600,000	569,400	600,000
6.125% notes, payable January 15, 2016; interest payable semiannually	744,800	700,000	983,700	900,000
Commercial paper	569,050	569,050	—	—
Five-year senior secured credit facility, due September 25, 2018	10,380	10,380	364,005	364,005
Securitization facility	500,000	500,000	300,000	300,000
Capital leases and other	10,886	10,886	96,003	96,003
Total debt	2,433,916	2,390,316	2,313,108	2,260,008
Less current portion of long term debt and commercial paper	583,495	583,495	127,218	127,218
Long-term debt, less current portion	$ 1,850,421	1,806,821	2,185,890	2,132,790

The fair values of the Company's debt instruments were estimated using market observable inputs, including quoted prices in active markets, market indices and interest rate measurements. Within the hierarchy of fair value measurements, these are Level 2 fair values.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Mohawk Industries, Inc. ("Mohawk" or the "Company") is a leading global flooring manufacturer that creates products to enhance residential and commercial spaces around the world. The Company's vertically integrated manufacturing and distribution processes provide competitive advantages in carpet, rugs, ceramic tile, laminate, wood, stone and vinyl flooring. The Company's industry-leading innovation has yielded products and technologies that differentiate its brands in the marketplace and satisfy all flooring related remodeling and new construction requirements. The Company's brands are among the most recognized in the industry and include American Olean®, Bigelow®, Daltile®, Durkan®, Karastan®, Kerama Marazzi®, Lees®, Marazzi®, Mohawk®, Pergo®, Quick-Step® and Unilin®. During the past decade, the Company has transformed its business from an American carpet manufacturer into the world's largest flooring company with operations in Australia, Brazil, Canada, China, Europe, India, Malaysia, Mexico, Russia and the United States. The Company had annual net sales in 2013 of $7.3 billion.

The Company has three reporting segments: the Carpet segment, the Ceramic segment and the Laminate and Wood segment. The Carpet segment designs, manufactures, sources and markets its floor covering product lines, including carpets, ceramic tile, laminate, rugs, carpet pad, hardwood and resilient, which it distributes primarily in North America through its network of regional distribution centers and satellite warehouses using company-operated trucks, common carrier or rail transportation. The segment's product lines are sold through various selling channels, including independent floor covering retailers, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial dealers and commercial end users. The Ceramic segment designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone and other products, which it distributes primarily in North America, Europe and Russia through its network of regional distribution centers and Company-operated service centers using company-operated trucks, common carriers or rail transportation. The segment's product lines are sold through Company-operated service centers, independent distributors, home center retailers, tile and flooring retailers and contractors. The Laminate and Wood segment designs, manufactures, sources, licenses and markets laminate, hardwood flooring, roofing elements, insulation boards, medium-density fiberboard ("MDF"), chipboards and other wood products, which it distributes primarily in North America and Europe through various selling channels, which include retailers, independent distributors and home centers.

For the three months ended September 27, 2014, net earnings attributable to the Company were $151.3 million, or diluted earnings per share ("EPS") of $2.06, compared to the net earnings attributable to the Company of $119.1 million, or diluted EPS of $1.63, for the three months ended September 28, 2013. The increase in diluted EPS for the three months ended September 27, 2014 was primarily attributable to increased operations productivity, lower restructuring, acquisition and integration-related costs, inventory step-up in the prior year related to the Marazzi acquisition, higher volume and the favorable net impact of price and product mix, partially offset by higher input costs.

For the nine months ended September 27, 2014, net earnings attributable to the Company were $385.1 million, or diluted earnings per share ("EPS") of $5.25, compared to the net earnings attributable to the Company of $254.1 million, or diluted EPS of $3.53, for the nine months ended September 28, 2013. The increase in diluted EPS for the nine months ended September 27, 2014 was primarily attributable to increased operations productivity, lower restructuring, acquisition and integration-related costs, inventory step-up in the prior year related to the Marazzi acquisition, higher volume, the Marazzi and Spano acquisitions and the favorable net impact of price and product mix, partially offset by higher input costs.

Results of Operations

Quarter Ended September 27, 2014, as compared with Quarter Ended September 28, 2013

Net sales

Net sales for the three months ended September 27, 2014 were $1,990.7 million, reflecting an increase of $29.1 million, or 1.5%, from the $1,961.5 million reported for the three months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $35 million, the favorable net impact of price and product mix of approximately $3 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $9 million.

Carpet segment—Net sales increased $6.1 million, or 0.8%, to $778.8 million for the three months ended September 27, 2014, compared to $772.8 million for the three months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $19 million, partially offset by the unfavorable net impact of price and product mix of approximately $13 million. The volume increases were primarily attributable to increases in residential new construction and commercial sales.

Ceramic segment—Net sales increased $12.8 million, or 1.7%, to $779.8 million for the three months ended September 27, 2014, compared to $767.0 million for the three months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $10 million and the favorable net impact of price and product mix of approximately $12 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $9 million. The volume increases were attributable to higher residential and commercial sales primarily in North America.

Laminate and Wood segment—Net sales increased $11.9 million, or 2.6%, to $462.6 million for the three months ended September 27, 2014, compared to $450.7 million for the three months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $8 million, favorable net impact of price and product mix of approximately $3 million and the net impact of favorable foreign exchange rates of approximately $1 million. The $8 million increase in volume in the quarter was primarily attributable to higher sales in Europe.

Gross profit

Gross profit for the three months ended September 27, 2014 was $556.4 million (28.0% of net sales), an increase of $39.5 million or 7.6%, compared to gross profit of $516.9 million (26.4% of net sales) for the three months ended September 28, 2013. As a percentage of net sales, gross profit increased 160 basis points. The increase in gross profit dollars was primarily attributable to operations productivity of approximately $24 million, fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $12 million, lower restructuring, acquisition and integration-related costs of approximately $8 million, higher sales volume of approximately $9 million and the favorable net impact of price and product mix of approximately $7 million, partially offset by higher input costs of approximately $14 million and the net impact of unfavorable foreign exchange rates of approximately $3 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended September 27, 2014 were $342.7 million (17.2% of net sales), compared to $341.0 million (17.4% of net sales) for the three months ended September 28, 2013. As a percentage of net sales, selling, general and administrative expenses decreased 20 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to a higher provision for legal reserves, partially offset by improved efficiencies.

Operating income

Operating income for the three months ended September 27, 2014 was $213.7 million (10.7% of net sales) reflecting an increase of $37.8 million, or 21.5%, compared to operating income of $175.9 million (9.0% of net sales) for the three months ended September 28, 2013. The increase in operating income was primarily attributable to increases in operations productivity of approximately $24 million, the fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $12 million, a decrease in restructuring and integration of approximately $10 million, sales volume increases of approximately $9 million and the favorable net impact of price and product mix of approximately $7 million, partially offset by higher input costs of approximately $14 million and a higher provision for legal reserves of approximately $10 million.

Carpet segment—Operating income was $74.1 million (9.5% of segment net sales) for the three months ended September 27, 2014 reflecting an increase of $5.2 million compared to operating income of $68.8 million (8.9% of segment net sales) for the three months ended September 28, 2013. The increase in operating income was primarily attributable to operations productivity of approximately $15 million, sales volume increases of approximately $4 million, partially offset by a higher provision for legal reserves of approximately $10 million and higher input costs of approximately $7 million.

Ceramic segment—Operating income was $101.3 million (13.0% of segment net sales) for the three months ended September 27, 2014 reflecting an increase of $25.3 million compared to operating income of $75.9 million (9.9% of segment net sales) for the three months ended September 28, 2013. The increase in operating income was primarily attributable to the fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $12 million, the favorable net impact of price and product mix of approximately $10 million, operations productivity of approximately $10 million and sales volume increases of approximately $3 million, partially offset by higher input costs of approximately $5 million.

Laminate and Wood segment—Operating income was $44.8 million (9.7% of segment net sales) for the three months ended September 27, 2014 reflecting an increase of $5.7 million compared to operating income of $39.0 million (8.7% of segment net sales) for the three months ended September 28, 2013. The increase in operating income was primarily attributable to lower restructuring, acquisition and integration costs of approximately $10 million, higher sales volume of approximately $3 million, partially offset by approximately $4 million of higher selling costs to support product introductions and higher input costs of approximately $2 million.

Interest expense

Interest expense was $34.8 million for the three months ended September 27, 2014, reflecting an increase of $9.2 million compared to interest expense of $25.6 million for the three months ended September 28, 2013. The increase was primarily attributable to the bond redemption premium and related fees of approximately $17 million, partially offset by lower interest rates.

Other (income) expense

Other income was $2.4 million for the three months ended September 27, 2014, reflecting a favorable change of $3.5 million compared to other expense of $1.2 million for the three months ended September 28, 2013.

Income tax expense

For the three months ended September 27, 2014, the Company recorded income tax expense of $30.0 million on earnings from continuing operations before income taxes of $181.3 million for an effective tax rate of 16.6%, as compared to an income tax expense of $29.0 million on earnings from continuing operations before income taxes of $149.1 million, for an effective tax rate of 19.4% for the three months ended September 28, 2013. The difference in the effective tax rate for the comparative period is primarily attributable to the resolution of an Italian withholding tax case resulting in a benefit of approximately $8 million, as well as the geographic dispersion of earnings and losses for the quarters.

Nine Months Ended Ended September 27, 2014, as compared with Nine Months Ended September 28, 2013

Net sales

Net sales for the nine months ended September 27, 2014 were $5,852.0 million, reflecting an increase of $427.4 million, or 7.9%, from the $5,424.7 million reported for the nine months ended September 28, 2013. The increase was primarily attributable to higher sales volume of approximately $402 million, the net impact of favorable foreign exchange rates of approximately $16 million and the favorable net impact of price and product mix of approximately $9 million. Of the $402 million increase in volume, approximately $328 million was attributable to the Marazzi and Spano acquisitions.

Carpet segment—Net sales decreased $4.9 million, or 0.2%, to $2,234.1 million for the nine months ended September 27, 2014, compared to $2,239.0 million for the nine months ended September 28, 2013. The decrease was primarily attributable to the unfavorable net impact of price and product mix of approximately $16 million, partially offset by higher volume of approximately $11 million. The volume increases were primarily attributable to increases in residential new construction and commercial sales.

Ceramic segment—Net sales increased $332.6 million, or 17.2%, to $2,271.7 million for the nine months ended September 27, 2014, compared to $1,939.1 million for the nine months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $319 million and the favorable net impact of price and product mix of approximately $27 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $13 million. Of the $319 million increase in volume, approximately $272 million was attributable to the Marazzi acquisition. The remaining volume increases were primarily attributable to higher residential and commercial sales primarily in North America.

Laminate and Wood segment—Net sales increased $105.7 million, or 8.0%, to $1,431.8 million for the nine months ended September 27, 2014, compared to $1,326.2 million for the nine months ended September 28, 2013. The increase was primarily attributable to higher volume of approximately $78 million and the net impact of favorable foreign exchange rates of approximately $29 million, partially offset by the unfavorable net impact of price and product mix of approximately $1 million. Of the $78 million increase in volume, primarily attributable to the Spano acquisition. The remaining volume increases were attributable to higher sales in Europe.

Gross profit

Gross profit for the nine months ended September 27, 2014 was $1,612.6 million (27.6% of net sales), an increase of $204.6 million or 14.5%, compared to gross profit of $1,408.0 million (26.0% of net sales) for the nine months ended September 28, 2013. As a percentage of net sales, gross profit increased 160 basis points. The increase in gross profit dollars was primarily attributable to higher sales volume of approximately $119 million that was predominately attributable to the Marazzi and Spano acquisitions, operations productivity of approximately $69 million, the fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $31 million, the favorable net impact of price and product mix of approximately $20 million, lower restructuring, acquisition and integration-related costs of approximately $13 million and the net impact of favorable foreign exchange rates of approximately $5 million, partially offset by higher input costs of approximately $43 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the nine months ended September 27, 2014 were $1,045.9 million (17.9% of net sales), compared to $1,012.1 million (18.7% of net sales) for the nine months ended September 28, 2013. As a percentage of net sales, selling, general and administrative expenses decreased 80 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to acquisition volume, partially offset by lower restructuring, acquisition and integration-related costs and improved efficiencies.

Operating income

Operating income for the nine months ended September 27, 2014 was $566.7 million (9.7% of net sales) reflecting an increase of $170.7 million, or 43.1%, compared to operating income of $395.9 million (7.3% of net sales) for the nine months ended September 28, 2013. The increase in operating income was primarily attributable to increases in operations productivity of approximately $69 million, sales volume increases of approximately $57 million partially related to the acquisitions, lower restructuring, acquisition and integration-related costs of approximately $39 million, fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $31 million and the favorable net impact of price and product mix of approximately $20 million, partially offset by higher input costs of approximately $43 million.

Carpet segment—Operating income was $171.2 million (7.7% of segment net sales) for the nine months ended September 27, 2014 reflecting an increase of $22.2 million compared to operating income of $148.9 million (6.7% of segment net sales) for the nine months ended September 28, 2013. The increase in operating income was primarily attributable to operations productivity of approximately $37 million, lower restructuring costs of approximately $8 million, improved efficiencies in selling, general and administrative expenses of approximately $8 million, partially offset by higher input costs of approximately $14 million, higher provision for legal reserves of approximately $10 million and the unfavorable net impact of price and product mix of approximately $6 million.

Ceramic segment—Operating income was $268.3 million (11.8% of segment net sales) for the nine months ended September 27, 2014 reflecting an increase of $116.1 million compared to operating income of $152.2 million (7.8% of segment net sales) for the nine months ended September 28, 2013. The increase in operating income was primarily attributable to sales volume increases of approximately $38 million partially attributable to the Marazzi acquisition, lower restructuring, acquisition and integration-related costs of approximately $20 million, inventory step-up in the prior year related to the Marazzi acquisition of approximately $31 million, operations productivity of approximately $24 million and the favorable net impact of price and product mix of approximately $21 million, partially offset by higher input costs of approximately $17 million.

Laminate and Wood segment—Operating income was $149.7 million (10.5% of segment net sales) for the nine months ended September 27, 2014 reflecting an increase of $30.7 million compared to operating income of $119.1 million (9.0% of segment net sales) for the nine months ended September 28, 2013. The increase in operating income was primarily attributable to sales volume increases of approximately $19 million, lower restructuring, acquisition and integration-related costs of approximately $11 million and operations productivity of approximately $7 million, the favorable net impact of price and product mix of approximately $5 million, partially offset by higher input costs of approximately $12 million.

Interest expense

Interest expense was $77.6 million for the nine months ended September 27, 2014, reflecting an increase of $7.5 million compared to interest expense of $70.1 million for the nine months ended September 28, 2013. The increase was primarily attributable to the bond redemption premium and related fees of approximately $17 million, partially offset by lower interest rates.

Other (income) expense

Other expense was $1.0 million for the nine months ended September 27, 2014, reflecting a favorable change of $5.5 million compared to other expense of $6.5 million for the nine months ended September 28, 2013.

Income tax expense

For the nine months ended September 27, 2014, the Company recorded income tax expense of $103.0 million on earnings from continuing operations before income taxes of $488.1 million for an effective tax rate of 21.1%, as compared to an income tax expense of $63.0 million on earnings from continuing operations before income taxes of $319.4 million, for an effective tax rate of 19.7% for the nine months ended September 28, 2013. The difference in the effective tax rate for the comparative period is primarily attributable to the geographic dispersion of earnings and losses for the quarters, partially offset by the resolution of an Italian withholding tax case resulting in a benefit of approximately $8 million.

Liquidity and Capital Resources

The Company’s primary capital requirements are for working capital, capital expenditures and acquisitions. The Company’s capital needs are met primarily through a combination of internally generated funds, commercial paper, bank credit lines, term and senior notes and credit terms from suppliers.

Net cash provided by operating activities in the first nine months of 2014 was $323.4 million, compared to net cash provided by operating activities of $327.0 million in the first nine months of 2013. The decrease was primarily attributable to changes in working capital, partially offset by higher earnings.

Net cash used in investing activities in the first nine months of 2014 was $391.6 million compared to net cash used in investing activities of $705.0 million in the first nine months of 2013. The decrease was primarily attributable to acquisitions of $449.5 million in the prior year, partially offset by higher capital expenditures of $136.1 million in the current year. Capital spending during the remainder of 2014 is expected to range from approximately $140 million to $160 million and is intended to support sales and income growth, promote new product innovations, upgrade the assets of the acquired businesses, increase carpet yarn and ceramic tile capacity and fund the addition of a luxury vinyl tile ("LVT") plant.

Net cash provided by financing activities in the first nine months of 2014 was $126.6 million compared to net cash used in financing activities of $3.9 million in the first nine months of 2013.

Commercial Paper

On February 28, 2014, the Company entered into definitive documentation to establish a commercial paper program for the issuance of unsecured commercial paper in the United States capital markets. Under the program, the Company may issue commercial paper notes from time to time in an aggregate amount not to exceed $1,000.0 million outstanding at any time, subject to availability under the 2013 Senior Credit Facility, which the Company uses as a liquidity backstop. The commercial paper notes will have maturities ranging from one day to 397 days and will not be subject to voluntary prepayment by the Company or redemption prior to maturity. The commercial paper notes will rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

The proceeds from the sale of commercial paper notes will be available for general corporate purposes. The Company used the initial proceeds from the sale of commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. As of September 27, 2014, the amount utilized under the commercial paper program was $569.1 million with a weighted-average interest rate and maturity period of 0.63% and 42 days, respectively.

Senior Credit Facility

On September 25, 2013, the Company entered into a $1,000.0 million, 5-year, senior revolving credit facility (the "2013 Senior Credit Facility"). The 2013 Senior Credit Facility provides for a maximum of $1,000.0 million of revolving credit, including limited amounts of credit in the form of letters of credit and swingline loans. The Company paid financing costs of $1.8 million in connection with its 2013 Senior Credit Facility. These costs were deferred and, along with unamortized costs of $11.4 million related to the Company’s 2011 Credit Facility, are being amortized over the term of the 2013 Senior Credit Facility.

At the Company's election, revolving loans under the 2013 Senior Credit Facility bear interest at annual rates equal to either (a) LIBOR for 1, 2, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 1.00% and 1.75%, or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, and a monthly LIBOR rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75%. The Company also pays a commitment fee to the Lenders under the 2013 Senior Credit Facility on the average amount by which the aggregate commitments of the Lenders' exceed utilization of the 2013 Senior Credit Facility ranging from 0.125% to 0.25% per annum. The applicable interest rate and the commitment fee are determined based on whichever of the Company's Consolidated Net Leverage Ratio or its senior unsecured debt rating (or if not available, corporate family rating) results in the lower applicable margins and commitment fee (with applicable margins and the commitment fee increasing as that ratio increases or those ratings decline, as applicable).

The obligations of the Company and its subsidiaries in respect of the 2013 Senior Credit Facility are unsecured.

If at any time (a) both (i) the Moody's Rating is Ba2 and (ii) the S&P Rating is BB, (b) (i) the Moody's Rating is Ba3 or lower and (ii) the S&P Rating is below BBB- (with a stable outlook or better) or (c) (i) the Moody's Rating is below Baa3 (with a stable outlook or better) and (ii) the S&P Rating is BB- or lower, the obligations of the Company and the other Borrowers under the 2013 Senior Credit Facility will be required to be guaranteed by all of the Company's material domestic subsidiaries and all obligations of Borrowers that are foreign subsidiaries will be required to be guaranteed by those foreign subsidiaries of the Company which the Company designates as guarantors.

The 2013 Senior Credit Facility includes certain affirmative and negative covenants that impose restrictions on the Company's financial and business operations, including limitations on liens, indebtedness, investments, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, payments and modifications of certain existing debt, future negative pledges, and changes in the nature of the Company's business. Many of these limitations are subject to numerous exceptions. The Company is also required to maintain a Consolidated Interest Coverage Ratio of at least 3.0 to 1.0 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.0, each as of the last day of any fiscal quarter.

The 2013 Senior Credit Facility also contains customary representations and warranties and events of default, subject to customary grace periods.

The 2013 Senior Credit Facility is scheduled to mature on September 25, 2018. However, the maturity date will accelerate, resulting in the acceleration of any unamortized deferred financing costs, to October 16, 2015, if on that date any of the Company's 6.125% notes due January 15, 2016 remains outstanding and the Company has not delivered to the Administrative Agent a certificate demonstrating that, after giving pro forma effect to the repayment in cash in full on that date of all of the 6.125% notes that remain outstanding, the amount the Company would be permitted to draw under the 2013 Senior Credit Facility, together with the aggregate consolidated amount of unrestricted cash and cash equivalents of the Company, would exceed $200.0 million. While there can be no assurance, the Company currently believes that if any of the 6.125% notes remains outstanding on October 16, 2015, the amount the Company would be permitted to draw under the 2013 Senior Credit Facility, together with the aggregate consolidated amount of the Company’s unrestricted cash and cash equivalents, would exceed $200.0 million on October 16, 2015.

As of September 27, 2014, amounts utilized under the facility included $10.4 million of borrowings and $39.2 million of standby letters of credit related to various insurance contracts and foreign vendor commitments. The Company also considers the outstanding borrowings of $569.1 million as of September 27, 2014 under its commercial paper program to be a reduction of the available capacity. Taking the commercial paper borrowings into consideration, the Company has utilized $618.6 million under the 2013 Senior Credit Facility resulting in a total of $381.4 million available under the 2013 Senior Credit Facility.

Senior Notes

On January 31, 2013, the Company issued $600.0 million aggregate principal amount of 3.85% Senior Notes due February 1, 2023. The Company paid financing costs of $6.0 million in connection with the 3.85% Senior Notes. These costs were deferred and are being amortized over the term of the 3.85% Senior Notes.

On January 17, 2006, the Company issued $900.0 million aggregate principal amount of 6.125% notes due January 15, 2016. Interest payable on these notes is subject to adjustment if either Moody's or S&P, or both, upgrades or downgrades the rating assigned to the Company. Each rating agency downgrade results in a 0.25% increase in the interest rate, subject to a maximum increase of 1% per rating agency. If later the rating of these notes improves, then the interest rates would be reduced accordingly. Each 0.25% increase in the interest rate of these notes would increase the Company's interest expense by approximately $0.1 million per quarter per $100.0 million of outstanding notes. The current rate in effect is 6.125%. Any future downgrades in the Company's credit ratings could increase the cost of its existing credit and adversely affect the cost of and ability to obtain additional credit in the future.

On August 15, 2014, the Company purchased for cash approximately $200.0 million aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 107.73% of the principal amount, resulting in a premium to redeeming noteholders of approximately $15.5 million. The premium as well as the fees of $1.1 million associated with the redemption are included in interest expense on the condensed consolidated statement of operations for the three and nine months ended September 27, 2014.

Accounts Receivable Securitization

On December 19, 2012, the Company entered into a three-year on-balance sheet trade accounts receivable securitization agreement (the "Securitization Facility"). On September 11, 2014, the Company made certain modifications to its Securitization Facility, which modifications, among other things, increased the aggregate borrowings available under the facility from $300.0 million to $500.0 million and decreased the interest margins on certain borrowings. Under the terms of the Securitization Facility, certain subsidiaries of the Company sell at a discount certain of their trade accounts receivable (the "Receivables") to Mohawk Factoring, LLC ("Factoring") on a revolving basis. Factoring is a wholly owned, bankruptcy remote subsidiary of the Company, meaning that Factoring is a separate legal entity whose assets are available to satisfy the claims of the creditors of Factoring only, not the creditors of the Company or the Company's other subsidiaries. To fund such purchases, Factoring may borrow up to $500.0 million based on the amount of eligible Receivables owned by Factoring, and Factoring has granted a security interest in all of such Receivables to the third-party lending group as collateral for such borrowings. Amounts loaned to Factoring under the Securitization Facility bear interest at commercial paper interest rates, in the case of lenders that are commercial paper conduits, or LIBOR, in the case of lenders that are not commercial paper conduits, in each case, plus an applicable margin of 0.70% per annum. Factoring also pays a commitment fee at a per annum rate of 0.35% on the unused amount of each lender's commitment.

At September 27, 2014, the amount utilized under the Securitization Facility was $500.0 million.

In connection with the acquisition of Marazzi, the Company became a party to an off-balance sheet accounts receivable securitization facility ("Marazzi Securitization Facility") pursuant to which the Company services receivables sold to a third party. As of September 27, 2014, the amounts utilized under the Marazzi Securitization Facility was €3.7 million. The Company is in the process of terminating this facility.

The Company may continue, from time to time, to retire its outstanding debt through cash purchases in the open market, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. The amount involved may be material.

As of September 27, 2014, the Company had cash of $105.6 million, of which $60.1 million was held outside the United States. While the Company's plans are to permanently reinvest the cash held outside the United States, the estimated cost of repatriation for the cash as of September 27, 2014 was approximately $21.0 million. The Company believes that its cash and cash equivalents on hand, cash generated from operations and availability under its 2013 Senior Credit Facility will be sufficient to meet its capital expenditure, working capital and debt servicing requirements over the next twelve months.

Contractual Obligations

There have been no significant changes to the Company's contractual obligations as disclosed in the Company's 2013 Annual Report filed on Form 10-K.

Critical Accounting Policies and Estimates

There have been no significant changes to the Company's critical accounting policies and estimates during the period. The Company's critical accounting policies and estimates are described in its 2013 Annual Report filed on Form 10-K.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. This topic converges the guidance within U.S. generally accepted accounting principles and international financial reporting standards and supersedes ASC 605, *Revenue Recognition*. The new standard requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The new guidance is effective for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period and early application is not permitted. Accordingly, the Company plans to adopt the provisions of this new accounting standard at the beginning of fiscal year 2017, and is currently assessing the impact on its consolidated financial statements.

Impact of Inflation

Inflation affects the Company's manufacturing costs, distribution costs and operating expenses. The Company expects raw material prices, many of which are petroleum based, to fluctuate based upon worldwide supply and demand of commodities utilized in the Company's production processes. Although the Company attempts to pass on increases in raw material, energy and fuel-related costs to its customers, the Company's ability to do so is dependent upon the rate and magnitude of any increase, competitive pressures and market conditions for the Company's products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be fully recovered. In the past, the Company has often been able to enhance productivity and develop new product innovations to help offset increases in costs resulting from inflation in its operations.

Seasonality

The Company is a calendar year-end company. With respect to its Carpet and Ceramic segments, its results of operations for the first quarter tend to be the weakest followed by the fourth quarter. The second and third quarters typically produce higher net sales and operating income in these segments. These results are primarily due to consumer residential spending patterns which have historically decreased during the holiday season and the first two months following. The Laminate and Wood segment's second quarter typically produces the highest net sales and earnings followed by a moderate third and fourth quarter and a weaker first quarter.

Forward-Looking Information

Certain of the statements in this Form 10-Q, particularly those anticipating future performance, business prospects, growth and operating strategies, and similar matters, and those that include the words "could," "should," "believes," "anticipates," "expects" and "estimates" or similar expressions constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For those statements, Mohawk claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. There can be no assurance that the forward-looking statements will be accurate because they are based on many assumptions, which involve risks and uncertainties. The following important factors could cause future results to differ: changes in economic or industry conditions; competition; inflation in raw material prices and other input costs; energy costs and supply; timing and level of capital expenditures; timing and implementation of price increases for the Company's products; impairment charges; integration of acquisitions; international operations; introduction of new products; rationalization of operations; tax, product and other claims; litigation; and other risks identified in Mohawk's SEC reports and public announcements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 27, 2014, approximately 54% of the Company's debt portfolio was comprised of fixed-rate debt and 46% was floating-rate debt. A 1.0 percentage point change in the interest rate of the floating-rate debt would not have a material impact on the Company's results of operations. There have been no other significant changes to the Company’s exposure to market risk as disclosed in the Company’s 2013 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

Based on an evaluation of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), which have been designed to provide reasonable assurance that such controls and procedures will meet their objectives, as of the end of the period covered by this report, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective at a reasonable assurance level for the period covered by this report.

No change in the Company's internal control over financial reporting occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in litigation from time to time in the regular course of its business. Except as noted below, there are no material legal proceedings pending or known by the Company to be contemplated to which the Company is a party or to which any of its property is subject.

Beginning in August 2010, a series of civil lawsuits were initiated in several U.S. federal courts alleging that certain manufacturers of polyurethane foam products and competitors of the Company's carpet underlay division had engaged in price fixing in violation of U.S. antitrust laws. The Company has been named as a defendant in a number of the individual cases (the first filed on August 26, 2010), as well as in two consolidated amended class action complaints the first filed on February 28, 2011, on behalf of a class of all direct purchasers of polyurethane foam products, and the second filed on March 21, 2011, on behalf of a class of indirect purchasers. All pending cases in which the Company has been named as a defendant have been filed in or transferred to the U.S. District Court for the Northern District of Ohio for consolidated pre-trial proceedings under the name In re: Polyurethane Foam Antitrust Litigation, Case No. 1:10-MDL-02196.

In these actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. The direct purchaser class currently claims damages from all of the defendants named in the lawsuit of up to approximately $1.2 billion which amount will be reduced by the value of claims made by plaintiffs that opt out of the class. Any damages actually awarded at trial are subject to being tripled under US antitrust laws. The amount of damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

In April 2011, the Company filed a motion to dismiss the class action claims brought by the direct purchasers, and in May 2011, the Company moved to dismiss the claims brought by the indirect purchasers. On July 19, 2011, the Court denied all defendants' motions to dismiss. On April 9, 2014, the Court certified the direct and indirect purchaser classes. The Company sought permission to appeal the certification order on April 24, 2014, and the petition was denied by the U.S. Court of Appeals for the Sixth Circuit on September 29, 2014.

In December 2011, the Company was named as a defendant in a Canadian Class action, *Hi! Neighbor Floor Covering Co. Limited v. Hickory Springs Manufacturing Company, et al*., filed in the Superior Court of Justice of Ontario, Canada and *Options Consommateures v. Vitafoam, Inc. et.al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which allege similar claims against the Company as raised in the U.S. actions and seek unspecified damages and punitive damages. The Company denies all of the allegations in these actions and will vigorously defend itself.

The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses that are reasonably estimable. These contingencies are subject to significant uncertainties and we are unable to estimate the amount or range of loss, if any, in excess of amounts accrued. The Company does not believe that the ultimate outcome of these actions will have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations, cash flows or liquidity in a given quarter or year.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2013. The risk factors disclosed in our Annual Report on Form 10-K, in addition to the other information set forth in this report, could materially affect our business, financial condition or results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

No.	Description
10.1	Third Amendment to Credit and Security Agreement and Omnibus Amendment, dated as of September 11, 2014, among Mohawk Factoring, LLC as borrower, Mohawk Servicing, LLC, as servicer, the lenders from time to time party thereto, the liquidity banks from time to time party thereto, the co-agents from time to time party thereto and SunTrust Bank, as administrative agent.
10.2	Joinder Agreement to Receivables Purchase and Sale Agreement, dated as of September 11, 2014, among Mohawk Carpet Distribution, Inc. and Dal-Tile Distribution, Inc., as existing originators, Mohawk Factoring, LLC, as buyer, and Unilin North America, LLC, as new originator.
31.1	Certification Pursuant to Rule 13a-14(a).
31.2	Certification Pursuant to Rule 13a-14(a).
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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 thereunto duly authorized.

			MOHAWK INDUSTRIES, INC. (Registrant)
Dated:	November 3, 2014	By:	/s/ Jeffrey S. Lorberbaum
			JEFFREY S. LORBERBAUM Chairman and Chief Executive Officer (principal executive officer)
Dated:	November 3, 2014	By:	/s/ Frank H. Boykin
			FRANK H. BOYKIN Chief Financial Officer (principal financial officer)

AMENDMENT NO. 3 TO
CREDIT AND SECURITY AGREEMENT AND
OMNIBUS AMENDMENT

This Amendment No. 3 to Credit and Security Agreement and Omnibus Amendment (this *"Amendment"*), dated as of September 11, 2014, is made by and among MOHAWK FACTORING, LLC, a Delaware limited liability company (the *"Borrower"*), MOHAWK SERVICING, LLC, a Delaware limited liability company (the *"Servicer"*) the Lenders party hereto, the Liquidity Banks party hereto, the Co-Agents party hereto and SUNTRUST BANK, a Georgia banking corporation, as administrative agent (in such capacity, the *"Administrative Agent"*).

WITNESSETH:

WHEREAS, the Borrower, the Servicer, the Lenders, the Liquidity Banks, the Co-Agents and the Administrative Agent previously entered into that certain Credit and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the *"Credit and Security Agreement"*), dated as of December 19, 2012; and

WHEREAS, SunTrust, as a Non-Conduit Lender (the *"Assignor"*) has agreed to sell and assign, without recourse, an interest in and to a portion of its rights and obligations under the Credit and Security Agreement and under the other Transaction Documents to Mizuho, in its capacity as a Liquidity Bank (the *"Assignee"*) and the Borrower has consented to such assignment;

WHEREAS, the Borrower and the Servicer have requested that the Administrative Agent, the Lenders, the Liquidity Banks and the Co-Agents (i) increase the Aggregate Commitment by the addition of PNC Bank, National Association (*"PNC"*) and Wells Fargo Bank, National Association (*"Wells Fargo"*; PNC together with Wells Fargo, the *"New Lenders"* and each a *"New Lender"*) as Non-Conduit Lenders to the Credit and Security Agreement and (ii) agree to amend the Credit and Security Agreement and the Administrative Agent, the Lenders, the Liquidity Banks and the Co-Agents are willing to do so under the terms and conditions set forth in this Amendment;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

Section 1. *Definitions*. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit and Security Agreement.

Section 2. *Amendments to the Credit and Security Agreement.*

(a) Effective as of December 19, 2012, clause (x) of Section 7.1(k) of the Credit and Security Agreement is hereby amended and restated in its entirety to read as follows:

(x) prepare its financial statements separately from those of the Originators and at all times after the Third Amendment Effective Date, ensure that any consolidated financial statements of the Originators or any Affiliate thereof that include the Borrower have notes clearly stating that the Borrower is a separate legal entity and that its assets will be available only to satisfy the claims of the creditors of the Borrower;

(b) Section 9.1(h) of the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

(h) As at the end of any Calculation Period:

(i) the three-month rolling average Delinquency Ratio shall exceed 2.25%,

(ii) the three-month rolling average Default Ratio shall exceed 2.00%,

(iii) the three-month rolling average Non-Contractual Dilution Ratio shall exceed 5.25%, or

(iv) the three-month rolling average Days Sales Outstanding shall exceed 55;

(c) Section 10.2 of the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

Section 10.2. Increased Cost and Reduced Return. If any Affected Entity determines that any Regulatory Change affecting such Affected Entity or any lending office of such Affected Entity has or would have the effect of: (i) subjecting any such Affected Entity to any Tax, duty or other charge or withholding on or with respect to any Funding Agreement of such Affected Entity or an Affected Entity's obligations under a Funding Agreement, or changes the basis of taxation of payments to such Affected Entity of any amounts payable under any such Funding Agreement (except for (A) changes in the rate of Tax on the overall revenues or net income of an Affected Entity and (B) Excluded Taxes) or on or with respect to the Receivables, or its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto or (ii) imposing, modifying or deeming applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of such Affected Entity, or credit extended by such Affected Entity pursuant to a Funding Agreement of such Affected Entity or (iii) imposing on any Affected Entity or the or the London interbank market any other condition, fee, cost or expense (other than Taxes) or (iv) causing an internal capital or liquidity charge or other imputed cost to be assessed upon such Affected Entity, which is allocable to the Borrower or to the transactions contemplated by this Agreement and the result of any of the foregoing is to increase the cost to such Affected Entity of performing its obligations under a Funding Agreement of such Affected Entity, or to reduce the rate of return on such Affected Entity's capital as a consequence of its obligations under such Funding Agreement (taking into consideration such Affected Entity's policies with respect to capital adequacy), or to reduce the amount of any sum received or receivable by such Affected Entity under a Funding Agreement of such Affected Entity or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, in each case to a level below that which such Affected Entity could have achieved but for such Regulatory Change then, upon demand by the applicable Co-Agent, Borrower shall pay to such Co-Agent, for the benefit of the relevant Affected Entity, such amounts charged to such Affected Entity or such amounts to otherwise reasonably compensate such Affected Entity for such increased cost or such reduction. Each Affected Entity will promptly notify the applicable Co-Agent, and such Co-Agent will promptly thereafter notify Borrower, of any event of which it has knowledge, occurring after the date such Affected Entity first became entitled to the benefits of this Section, which will entitle such Affected Entity to compensation pursuant to this Section and will, if possible, designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Affected Entity, be otherwise materially disadvantageous to such Affected Entity. A certificate of any Affected Entity claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder and showing in reasonable detail the calculation thereof shall be conclusive in the absence of manifest error. In determining such amount, such Affected Entity may use any reasonable averaging and attribution methods previously disclosed in writing to Borrower.

(d) Clauses (a) and (c) of Section 11.1 of the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

Section 11.1. Authorization and Action. (a) Each member of the BTMU Group hereby irrevocably designates and appoints The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch as BTMU Agent hereunder and under the other Transaction Documents to which the BTMU Agent is a party and authorizes the BTMU Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the BTMU Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Each member of the Mizuho Group hereby irrevocably designates and appoints Mizuho Bank, Ltd. as Mizuho Agent hereunder and under the other Transaction Documents to which the Mizuho Agent is a party and authorizes the Mizuho Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Mizuho Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. SunTrust Bank, as Non-Conduit Lender hereby irrevocably designates and appoints SunTrust Bank as SunTrust Agent hereunder and under the other Transaction Documents to which the SunTrust Agent is a party, and authorizes the SunTrust Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the SunTrust Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. PNC Bank, National Association, as Non-Conduit Lender hereby irrevocably designates and appoints PNC Bank, National Association as PNC Agent hereunder and under the other Transaction Documents to which the PNC Agent is a party, and authorizes the PNC Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the PNC Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Wells Fargo Bank, National Association, as Non-Conduit Lender hereby irrevocably designates and appoints Wells Fargo Bank, National Association as Wells Fargo Agent hereunder and under the other Transaction Documents to which the Wells Fargo Agent is a party, and authorizes the Wells Fargo Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Wells Fargo Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Each Non-Conduit

Lender or member of any other Group that becomes a party to this Agreement after the date hereof shall designate and appoint an agent and authorize such agent to take such action on its behalf under the provision of the Transaction Documents, and to exercise such powers and perform such duties as are expressly delegated to such agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Each of the Lenders and the Co-Agents hereby irrevocably designates and appoints SunTrust Bank as Administrative Agent hereunder and under the Transaction Documents to which the Administrative Agent is a party, and each Lender and Co-Agent that becomes a party to this Agreement hereafter ratifies such designation and appointment and authorizes the Administrative Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, none of the Agents shall have any duties or responsibilities, except those expressly set forth in the Transaction Documents to which it is a party, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of such Agent shall be read into any Transaction Document or otherwise exist against such Agent.

(c) In performing its functions and duties hereunder, (i) the BTMU Agent shall act solely as the agent of the members of the BTMU Group and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assigns, (ii) the Mizuho Agent shall act solely as the agent of the members of the Mizuho Group and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assign, (iii) the SunTrust Agent shall act solely as the agent of SunTrust, as Non-Conduit Lender and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assigns, (iv) the PNC Agent shall act solely as the agent of PNC, as Non-Conduit Lender and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assign, (v) the Wells Fargo Agent shall act solely as the agent of Wells Fargo, as Non-Conduit Lender and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assigns, (vi) the agent for any Non-Conduit Lender or the member of any Group that becomes a party hereto after the date hereof shall act solely as the agent of such Non-Conduit Lender or the members of such Group and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or their respective successors or assigns, and (vii) the Administrative Agent shall act solely as the agent of the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any of the Loan Parties or any of their respective successors and assigns.

(e) Clauses (vii) of Section 14.5(b) of the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

(vii) to any other entity organized for the purpose of purchasing, or making loans secured by, financial assets for which SunTrust, BTMU, Mizuho, PNC, Wells Fargo or one of their respective affiliates acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of each of the foregoing,

(f) Clauses (ii), (iii), (iv) and (xiv) of the defined term *"Eligible Receivable"* appearing in Exhibit I to the Credit and Security Agreement are hereby amended and restated in their respective entireties and as so amended and restated shall read as follows:

(ii) which is not a Delinquent Receivable or a Defaulted Receivable,

(iii) which is not owing from an Obligor as to which more than 50% of the Outstanding Balance of all such Obligor's Receivables remains unpaid for 61 or more days past the original billing date,

(iv) which (A) by its terms is due and payable in full within 122 days of the original billing date therefor, and (B) has not had its payment terms extended more than once, and if such extension had not been made, such Receivable would not otherwise have become a Defaulted Receivable,

(xiv) which is not the subject of, to the Originator's knowledge, any asserted dispute, counterclaim, right of rescission, setoff, counterclaim or any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no rights as against such Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract) and which requires that all or part of such receivable be charged off in accordance with the Credit and Collection Policy; *provided, however,* that if such dispute, offset, counterclaim or defense affects only a portion of the Outstanding Balance of such Receivable, then such Receivable may be deemed an Eligible Receivable to the extent of the portion of such Outstanding Balance which is not so affected, *provided, further,* that the first $150,000 of Receivables generated during any calendar month by Marazzi Home Center Stores shall be excluded from "Eligible Receivables" until the Monthly Reporting Date on which the Administrative Agent has received a Monthly Report demonstrating that the Servicer can identify customer reductions and charge backs on Receivables generated by Marazzi Home Center Stores and such Receivables are excluded from Eligible Receivables.

(g) The defined term *"Eligible Receivable"* appearing in Exhibit I to the Credit and Security Agreement is hereby amended by (i) deleting the word *"and"* appearing at the end of clause (xxiv), (ii) deleting the period appearing at the end of clause (xxv) thereof, and inserting *", and"* in lieu thereof, and (iii) and inserting a new clause (xxvi) which shall read as follows:

(xxvi) or such other Receivables as reasonably determined with the consent of all the Lenders and the Borrower based on the results of the most recent Review of Dal-Tile Distribution, Inc. or Unilin North America, LLC as originators.

(h) The following defined terms appearing in Exhibit I to the Credit and Security Agreement are hereby amended and restated in their respective entireties and as so amended and restated shall read as follows:

"Aggregate Commitment" means, on any date of determination, the aggregate amount of the Commitments to make Loans hereunder. As of the date hereof, the Aggregate Commitment is $500,000,000.

"Applicable Margin" shall mean either (i) 0.70% per annum, or (ii) with respect to any Liquidity Funding made by any Liquidity Bank solely during the occurrence of a CP Market Disruption Event, a per annum rate equal to the "Applicable Rate" for "Eurocurrency Rate Loans" as such terms are defined in the Parent Credit Agreement in effect at such time.

"Co-Agent Account" means the account set up to receive payments for the applicable Group including without limitation, the SunTrust Agent's Account, the BTMU Agent's Account, the Mizuho Agent's Account, the PNC Agent's Account and the Wells Fargo Agent's Account.

"Contractual Dilution Reserve" means, at any time, the sum of (i) the volume rebate accrual and cash discount accrual with respect to Mohawk Carpet Distribution, Inc., a Delaware corporation, plus (ii) the home center store accrual with respect to Dal-Tile Distribution, Inc., a Delaware corporation, plus (iii) the marketing allowance and EDI accrual with respect to Unilin North America, LLC, a Delaware limited liability company, in each case as of such date of determination (or such other amounts as reasonably determined with the consent of all of the Lenders based on the results set forth in the most recent Review of any Originator).

"Default Horizon Ratio" means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (a) the sum of (i) the product of the aggregate sales generated by the Originators during the Calculation Period that is 4 Calculation Periods prior to the Calculation Period ending on such Cut-Off Date, multiplied by the sum of (x) 23% and (y) the Weighted Average Credit Percentage, plus (ii) the aggregate sales generated by the Originators during the 3 most recent Calculation Periods ending on or prior to such Cut-Off Date, by (b) the Net Pool Balance as of such Cut-off Date.

"Default Ratio" means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (x) the total amount of Receivables which became Defaulted Receivables during the Calculation Period that includes such Cut-Off Date, by (y) the aggregate dollar amount of Receivables generated by the Originators during the Calculation Period occurring five months prior to the Calculation Period ending on such Cut-Off Date.

"Defaulted Receivable" means a Receivable: (i) as to which the Obligor thereof has suffered an Event of Bankruptcy; (ii) which, consistent

with the Credit and Collection Policy, would be written off Borrower's books as uncollectible; or (iii) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment.

"Delinquent Receivable" means a Receivable (other than a Defaulted Receivable) as to which any payment, or part thereof, remains unpaid for 61 - 90 days from the original due date for such payment or which is delinquent under the Credit and Collection Policy.

"Dilution Horizon Ratio" means, as of any Cut-Off Date, the ratio computed by dividing (a) the sum of (i) the product of the aggregate amount of Receivables generated by the Originators during the Calculation Period that is 2 Calculation Periods prior to the Calculation Period ending on such Cut-Off Date multiplied by 50%, plus (ii) the sales generated during the most recent Calculation Period ending on or prior to such Cut-Off Date (or such other number of Calculation Periods (or portions thereof) as reasonably determined with the consent of all of the Lenders based on the results set forth in the most recent Review of any Originator), by (b) the Net Pool Balance as of such Cut-Off Date.

"Extended Payment Terms Excess" means the aggregate amount by which the Eligible Receivables Balance of all Eligible Receivables that are due and payable within 91-122 days of the original billing date thereof exceeds the Extended Payment Terms Limit.

"Fee Letter" means that certain Amended and Restated Fee Letter dated as of September 11, 2014, among Borrower, the Performance Guarantor, the Lenders and the Agents, as the same may be amended, restated, modified or supplemented from time to time.

"Obligor Concentration Limit" means, at any time, in relation to the aggregate Outstanding Balance of Receivables owed by any single Obligor and its Affiliates (if any), the applicable concentration limit shall be determined as follows for Obligors who have short term unsecured debt ratings currently assigned to them by S&P and Moody's (or in the absence thereof, the equivalent long term unsecured senior debt rating noted in the table below), the applicable concentration limit shall be determined according to the following table:

S&P Short-term Rating	S&P Equivalent Long-term Rating	Moody's Short-term Rating	Moody's Equivalent Long-term Rating	Allowable % of Eligible Receivables Net Balance
A-1 or higher	A+ or higher	P-1 or higher	A2 or higher	12%
A-2	A-, BBB+	P-2	A3, Baa1	10%
A-3 or lower	BBB or lower	P-3 or lower	Baa2 or lower	3%

provided, however, that (a) if any Obligor has a split rating, the applicable rating will be the lower of the two, (b) if any Obligor is not rated by both S&P and Moody's, the applicable Obligor Concentration Limit shall be the one set forth in the last line of the table above, and (c) subject to satisfaction of each Lender and/or an increase in the percentage set forth in clause (a)(i) of the definition of "Required Reserve," upon Borrower's request from time to time, the Administrative Agent may agree to a higher percentage of the Eligible Receivables Balance for a particular Obligor and its Affiliates (each such higher percentage, a *"Special Concentration Limit"*), it being understood that any Special Concentration Limit may be cancelled by any Lender upon not less than ten (10) Business Days' prior written notice to the Loan Parties. As of the Third Amendment Effective Date, the Special Concentration Limit shall mean (i) with respect to The Home Depot, Inc. and its Affiliates, 17.0% and (ii) with respect to Lowe's Companies, Inc. and its Affiliates, 12.0%.

"Originator" means each of Mohawk Carpet Distribution, Inc., a Delaware corporation, Dal-Tile Distribution, Inc., a Delaware corporation, Unilin North America, LLC, a Delaware limited liability company, and each other Originator that becomes a party to the Receivables Sale Agreement pursuant to the terms thereof, in each case, in its capacity as a seller under the Receivables Sale Agreement.

"Receivables Sale Agreement" means that certain Receivables Purchase and Sale Agreement, dated as of December 19, 2012, among the Originators and Borrower, as the same may be amended, restated, modified or supplemented from time to time.

"Regulatory Change" means, with respect to an Affected Entity, any of the following occurring after the date hereof and about which such Affected Entity learns after the date such Affected Entity is first entitled to

the benefits of Section 10.2 or 10.3 hereof: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided, however,* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III including, without limitation, any publications addressing the liquidity coverage ratio ("LCR") or the supplementary leverage ratio ("SLR"), shall in each case be deemed to be a "Regulatory Change" regardless of the date enacted, adopted or issued and such event shall constitute a circumstance on which such Affected Entity may base a claim for reimbursement under Section 10.2.

"Required Reserve Factor Floor" means the sum (expressed as a percentage) of (a) 12% and (b) the product of (i) the Adjusted Dilution Ratio and (ii) the Dilution Horizon Ratio.

(i) The following new defined terms shall be added to Exhibit I to the Credit and Security Agreement in the appropriate alphabetical sequence:

"PNC" means PNC Bank, National Association, as a Non-Conduit Lender, together with its successors.

"PNC Agent" means PNC Bank, National Association, in its capacity as agent for PNC.

"PNC Agent's Account" means account number 130760016803, Account Name: Commercial Loan Department, at PNC Bank, N.A., ABA No. 043-0000-96, Beneficiary: Mohawk Factoring, LLC, Attention: Holly Brannon.

"Third Amendment Effective Date" means September 11, 2014.

"Wells Fargo" means Wells Fargo Bank, National Association, as a Non-Conduit Lender, together with its successors.

"Wells Fargo Agent" means Wells Fargo Bank, National Association, in its capacity as agent for Wells Fargo.

"Wells Fargo Agent's Account" means account number 37235547964502185 in the name of Wells Fargo Bank, N.A., at Wells Fargo Bank, N.A., ABA No. 121-000-248, Reference: MOHAWK FACTORING, LLC (OOC00).

(j) Exhibit IV to the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended shall read as set forth on Exhibit IV attached hereto and made a part hereof.

(k) Schedule A to the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended shall read as set forth on Schedule A attached hereto and made a part hereof.

(l) The addresses, facsimile numbers or e-mail addresses of each of the New Lenders is set forth on their respective signature pages hereof.

Section 3. *Omnibus Amendment to the Transaction Documents.*

The Transaction Documents shall be and hereby are amended by replacing any and all references to *"Mizuho Corporate Bank, Ltd."* with a reference to *"Mizuho Bank, Ltd."*

Section 4. *Joinder of New Lenders; Assignment and Acceptance*.

(a) Each New Lender hereby confirms that it has received a copy of the Transaction Documents and the exhibits related thereto, together with copies of the documents which were required to be delivered under the Credit and Security Agreement as a condition to the making of the Advances and other extensions of credit thereunder. Each New Lender acknowledges and agrees that it has made and will continue to make, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, its own credit analysis and decisions relating to the Credit and Security Agreement. Each New Lender further acknowledges and agrees that the Administrative Agent has not made any representations or warranties about the credit worthiness of the Borrower or any other party to the Credit and Security Agreement or any other Transaction Document or with respect to the legality, validity, sufficiency or enforceability of the Credit and Security Agreement or any other Transaction Document or the value of any security therefor.

(b) Except as otherwise provided in the Credit and Security Agreement, effective as of the date hereof, each New Lender (i) shall be deemed automatically to have become a party to the Credit and Security Agreement and have all the rights and obligations of a *"Lender"* under the Credit and Security

Agreement as if it were an original signatory thereto and (ii) agrees to be bound by the terms and conditions set forth in the Credit and Security Agreement as if it were an original signatory thereto.

(c) On the date hereof, the Assignor hereby absolutely and unconditionally sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse to or representation of any kind from Assignor, an interest in and to the Assignor's rights and obligations under the Credit and Security Agreement in an amount such that after giving effect to such sale, assignment and assumption, the Assignee's Commitment will be as set forth on Schedule A attached hereto.

(d) The Assignor, the Assignee, the New Lenders and each other Lender each agree to make such purchases and sales of interests in the Loans outstanding on the date hereof among themselves so that each Lender and New Lender is then holding its relevant Percentage of outstanding Loans based on their Commitments as in effect after giving effect hereto and each Lender hereby agrees to execute such further instruments and documents, if any, as the Administrative Agent may reasonably request in connection therewith. Such purchases and sales shall be arranged through the Administrative Agent by making available to the Administrative Agent for the account of such other Lenders, in same day funds, an amount equal to (A) the portion of the outstanding principal amount of Loans to be purchased by such Lender, plus (B) interest accrued and unpaid to and as of such date on such portion of the outstanding principal amount of such Loans. All subsequent extensions of credit under the Credit and Security Agreement shall be made in accordance with the respective Commitments of the Lenders from time to time party to the Credit and Security Agreement as provided therein.

Section 5. *Representations of the Borrower*. The Borrower hereby represents and warrants to the parties hereto that as of the date hereof each of the representations and warranties contained in the Credit and Security Agreement is true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); *provided*, that with respect to those contained in Section 5.1(a), (e), (f), (l), (u) and (w) of the Credit and Security Agreement, the determination of whether any Material Adverse Effect has occurred as set forth therein shall be made solely by the Borrower, in its reasonable, good faith judgment.

Section 6. *Conditions Precedent*. The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) Administrative Agent shall have received a fully executed counterpart of this Amendment;

(b) Administrative Agent shall have received a duly executed Performance Guarantor's Acknowledgment and Consent;

(c) Administrative Agent shall have received a fully executed counterpart of the Fee Letter;

(d) Administrative Agent shall have received a fully executed counterpart of that certain Joinder Agreement to Receivables Sale Agreement with respect to Unilin North America, LLC (the *"New Originator"*) dated as of the date hereof;

(e) Administrative Agent shall have received Amendments to Collection Account Agreements and any additional Collection Account Agreements with respect to any updates to Exhibit IV;

(f) Administrative Agent shall have received with respect to the New Originator items numbered 2 through 5 of Schedule A to the Receivables Sale Agreement including resolutions, certificate of formation, limited liability company agreement, an incumbency certificate and a good standing;

(g) Administrative Agent shall have received closing certificates of Borrower dated as of September 11, 2014 including resolutions, the certificate of formation, the limited liability company agreement, an incumbency certificate and good standing;

(h) Administrative Agent shall have received opinions of Alston & Bird LLP as to enforceability and UCC matters, general corporate matters, and true sale and nonconsolidation matters;

(i) each New Lender shall have received all fees due and payable under the Fee Letter;

(j) each representation and warranty of the Borrower contained herein shall be true and correct; and

(k) no Amortization Event shall have occurred and be continuing.

Section 7. *Amendment.* The parties hereto hereby agree that the provisions and effectiveness of this Amendment shall apply to the Credit and Security Agreement as of the date hereof. Except as amended by this Amendment, the Credit and Security Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

Section 8. *Acknowledgment of Termination of Marazzi Letter*. Pursuant to that certain letter dated as of April 11, 2014 (the *"Marazzi Letter"*), among the Administrative Agent, the Borrower and Dal-Tile Distribution, Inc., all Receivables of an Obligor arising out of invoices generated by the Marazzi Group (as defined in the Marazzi Letter) invoicing system or invoiced in the name of any of the Marazzi Group and which do not pay into a Collection Account or a Lock Box that clears to a Collection Account were designated as Excluded Receivables under and as defined in the Receivables Sale Agreement until the Integration Date (as defined in the Marazzi Letter). Each of the Administrative Agent, the Borrower and Dal-Tile Distribution, Inc. hereby acknowledges and agrees that as of the date hereof, the Integration Date has occurred and the Marazzi Letter shall be terminated and of no further force and effect.

Section 9. *Clarification of Amendment No. 2 and other matters*. Certain of the parties hereto entered into Amendment No. 2 to Credit and Security Agreement dated as of April 11, 2014 ("*Amendment No. 2*"). The parties to Amendment No. 2 agree that the amendment to Section 7.1(a)(ii) effected by Section 3(a) of Amendment No. 2 shall be deemed to be effective as of December 19, 2012. In addition, the parties hereto agree that clause (B) of Section 7.1(a)(i) shall be deemed to be amended as of December 19, 2012 to read "(B) commencing with the Performance Guarantor's 2014 fiscal year, analogous unaudited balance sheets and statements of earnings for Borrower, certified by one of its Responsible Officers." Given the foregoing, the parties hereto acknowledge that the waivers provided under Section 2 of Amendment No. 2 were not necessary. In addition, the parties hereto agree that clause (x) of Section 7.1(k) shall be deemed to be amended as of December 19, 2012 as set forth in Section 2(a) of this Amendment so no additional waivers are necessary.

Section 10. *Counterparts.* This Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11. *Captions*. The headings of the Sections of this Amendment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

Section 12. *Successors and Assigns*. The terms of this Amendment shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 13. *Severability*. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 14. *Governing Law and Jurisdiction*. The provisions of the Credit and Security Agreement with respect to governing law and consent to jurisdiction are incorporated in this Amendment by reference as if such provisions were set forth herein.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have each caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

MOHAWK FACTORING, LLC, as Borrower

By: /s/ John J. Koach

Name: John J. Koach

Title: Secretary

MOHAWK SERVICING, LLC, as Servicer

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President and Treasurer

SUNTRUST BANK, as a Non-Conduit Lender

By: /s/ Michael Peden

Name: Michael Peden

Title: Vice President

SUNTRUST BANK, as Co-Agent and Administrative Agent

By: /s/Michael Peden

Name: Michael Peden

Title: Vice President

VICTORY RECEIVABLES CORPORATION

By: /s/ David V. DeAngelis

Name: David V. DeAngelis

Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Co-Agent

By: /s/ Richard Gregory Hurst

Name: Richard Gregory Hurst

Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Victory Liquidity Bank

By: /s/ George Stoecklein

Name: George Stoeklein

Title: Director

WORKING CAPITAL MANAGEMENT CO., L.P., AS CONDUIT

By: /s/ Takashi Watanabe

Name: Takashi Watanabe

Title: Attorney-in-Fact

MIZUHO BANK, LTD., as WCM Liquidity Bank and as Co-Agent

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Authorized Signatory

PNC BANK, NATIONAL ASSOCIATION, as a Non-Conduit Lender and as Co-Agent

By: /s/ Robyn Reeher

Name: Robyn Reeher

Title: Vice President

Address: PNC Bank, National Association
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2724
Attention: Stephen Ritchey
Telephone: (412) 768-5318
Fax: (412) 705-1225
Email: stephen.ritchey@pnc.com

With a copy to:

PNC Bank, National Association
1600 Market Street
21st Floor
Philadelphia, PA 19103
Attention: Eric Bruno, Managing Director
Telephone: (215) 585-3907
Fax: (215) 585-7374
Email: eric.bruno@pnc.com

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Non-Conduit Lender and as Co-Agent

By: /s/ Ryan C. Toger

Name: Ryan C. Toger

Title: Vice President

Address: Wells Fargo Bank, National Association
1100 Abernathy Road
Suite 1500
Atlanta, GA 30328
Attention: Eero Maki
Telephone: (770) 508-2167
Fax: (866) 972-3558

Acknowledged and agreed to solely with respect to Section 8:

DAL-TILE DISTRIBUTION, INC.

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President and Treasurer

PERFORMANCE GUARANTOR'S ACKNOWLEDGMENT AND CONSENT

The undersigned, Mohawk Industries, Inc., has heretofore executed and delivered the Performance Undertaking dated as of December 19, 2012 (the *"Performance Undertaking"*) and hereby consents to the Amendment No. 3 to the Credit and Security Agreement and Omnibus Amendment as set forth above and confirms that the Performance Undertaking and all of the undersigned's obligations thereunder remain in full force and effect. The undersigned further agrees that the consent of the undersigned to any further amendments to the Credit and Security Agreement shall not be required as a result of this consent having been obtained, except to the extent, if any, required by the Performance Undertaking referred to above.

MOHAWK INDUSTRIES, INC.

By: /s/ Shailesh Bettadapur
Name: Shailesh Bettadapur
Title: Vice President and Treasurer

EXHIBIT IV

NAMES OF COLLECTION BANKS; COLLECTION ACCOUNTS

Borrower's Lockbox or Account	Account Name Borrower	Related Collection Account of Borrower
P O Box 935550	Mohawk Factoring, Inc.	Account no. 4122339054
Atlanta, GA 31193-5550	(Mohawk)	Wells Fargo
P O Box 935553	Mohawk Factoring, Inc.	Account no. 4122339054
Atlanta, GA 31193-5553	(Mohawk)	Wells Fargo
Lockbox 9957	Mohawk Factoring, Inc.	Account no. 4122339054
P O Box 8500	(Mohawk)	Wells Fargo
Philadelphia, PA 19178-9957		
P O Box 845059	Mohawk Factoring, Inc.	Account no. 4122339054
Los Angeles, CA 90084-5059	(Mohawk)	Wells Fargo
Collection Account	Mohawk Factoring, Inc.	Account no. 4122339062
(ACH)	(Mohawk)	Wells Fargo
Collection Account	Mohawk Factoring, Inc.	Account no. 777-5006245
(ACH)	(Mohawk)	Wells Fargo
P O Box 209058	Mohawk Factoring, Inc	Account no. 4125505065
Dallas, TX 75320-9058	(DalTile)	Wells Fargo
P O Box 209068	Mohawk Factoring, Inc	Account no. 4125505065
Dallas, TX 75320-9068	(DalTile)	Wells Fargo
Lockbox 9237	Mohawk Factoring, Inc	Account no. 4125505065
P O Box 8500	(DalTile)	Wells Fargo
Philadelphia, PA 19178-9237		
P O Box 845051	Mohawk Factoring, Inc	Account no. 4125505065
Los Angeles, CA 90084-5051	(DalTile)	Wells Fargo
P O Box 56519 STN A	Mohawk Factoring, Inc	Account no. 01043-400-102-0 (USD)
Toronto, Ontario M5W 4L1	(Mohawk)	Account no. 01043-100-002-5 (CAD)

		Royal Bank of Canada
c/o C06004	Mohawk Factoring, Inc	Account no. 01043-400-102-0 (USD)
P O Box 60 Station M	(Mohawk)	Account no. 01043-100-002-5 (CAD)
Calgary, AB, T2P 2G9		Royal Bank of Canada
P O Box 935370	Unilin North America, LLC	Account no. 4945644383
Atlanta, GA 31193-5370	(Unilin)	Wells Fargo

SCHEDULE A

COMMITMENTS

SunTrust Bank: $100,000,000

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch: $100,000,000

Mizuho Bank, Ltd.: $100,000,000

PNC Bank, National Association: $100,000,000

Wells Fargo Bank, National Association: $100,000,000

JOINDER AGREEMENT

This Joinder Agreement (this *"Joinder Agreement"*) dated as of September 11, 2014, by and among Mohawk Carpet Distribution, Inc., a Delaware corporation (*"Mohawk Distribution"*), Dal-Tile Distribution, Inc., a Delaware corporation ("*Dal-Tile*"; each of Mohawk Distribution and Dal-Tile, an *"Existing Originator"* and collectively the *"Existing Originators"*), Mohawk Factoring, LLC, a Delaware limited liability company (*"Buyer"*) and Unilin North America, LLC, a Delaware limited liability company (the *"New Originator"*).

WHEREAS, the Existing Originators and Buyer previously entered into that certain Receivables Purchase and Sale Agreement dated as of December 19, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the *"Sale Agreement"*), pursuant to which the Existing Originators sell to the Buyer, and the Buyer purchases from the Existing Originators, from time to time, Receivables originated by the Existing Originators. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Sale Agreement;

WHEREAS, Section 7.9(b) of the Sale Agreement provides for other entities becoming Originators thereunder; and

WHEREAS, the parties are entering into this Joinder Agreement to effect, among other things, to provide for the addition of the New Originator as an Originator under the Sale Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and in the Sale Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. *Joinder.*

Upon the effectiveness of this Joinder Agreement, the New Originator shall become, and be deemed to be, an Originator under the Sale Agreement, and shall have all obligations, duties, rights and interests as an Originator under the Sale Agreement and the other Transaction Documents (as defined in the Credit and Security Agreement). Attached hereto is an amended and restated version of Exhibit II to the Sale Agreement. After giving effect to the amendments and restatements embodied therein, each of the representations and warranties contained in Article II of the Sale Agreement will be true and correct as to the New Originator.

Section 2. *Effectiveness.*

This Joinder Agreement shall not become effective unless and until the Buyer shall have received each of the following, in form and substance satisfactory to the Buyer:

(a) Counterparts of this Agreement executed by each of the parties hereto;

(b) Evidence that the New Originator shall have satisfied items 2 through 5 of Schedule A attached to the Sale Agreement; and

(c) Such other documents, agreements and instruments as the Buyer may reasonably request.

Section 3. *Representations and Warranties.*

(a) Each of the parties hereto represents and warrants severally and not jointly that, with respect to such party:

(i) its execution, delivery and performance of this Joinder Agreement are within its corporate powers, have been duly authorized by all necessary corporate action and do not require any consent or approval which has not been obtained; and

(ii) this Joinder Agreement is the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general equitable principles.

(b) The New Originator hereby further represents and warrants that:

(i) The Sale Agreement is the legal, valid and binding obligation of it, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general equitable principles.

Section 4. *Miscellaneous.*

(a) *Applicability of the Sale Agreement*. In all respects not inconsistent with the terms and provisions of this Joinder Agreement, the provisions of the Sale Agreement are hereby ratified, approved and confirmed, with the Joinder of West and East as additional Originators.

(b) *Headings*. The captions in this Joinder Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

(c) *Counterparts*. This Joinder Agreement may be executed in counterparts by facsimile or otherwise, each of which shall constitute an original, but all of which, when taken together, shall constitute but one and the same instrument.

(d) *Governing Law*. The provisions of the Sale Agreement with respect to governing law and consent to jurisdiction are incorporated in this Amendment by reference as if such provisions were set forth herein.

(e) *Entire Agreement*. This Joinder Agreement embodies the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all other prior arrangements and understandings relating to the subject matter hereof.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the date first written above.

MOHAWK CARPET DISTRIBUTION, INC.

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President and Treasurer

DAL-TILE DISTRIBUTION, INC.

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President and Treasurer

MOHAWK FACTORING, LLC

By: /s/ John J. Koach

Name: John J. Koach

Title: Secretary

UNILIN NORTH AMERICA, LLC

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President and Treasurer

Acknowledged and agreed to

SUNTRUST BANK, as Administrative Agent

By: /s/ Michael Peden

Name: Michael Peden

Title: Vice President

EXHIBIT II

PLACES OF BUSINESS; LOCATIONS OF COLLECTION RECORDS; FEDERAL EMPLOYER IDENTIFICATION NUMBER(S); ORGANIZATIONAL IDENTIFICATION NUMBER; OTHER NAMES

PLACES OF BUSINESS:

Mohawk Carpet Distribution, Inc.
160 S. Industrial Blvd.
Calhoun, GA 30703

Dal-Tile Distribution, Inc.
160 S. Industrial Blvd.
Calhoun, GA 30703

Unilin North America, LLC 7834 C.F. Hawn Freeway
Dallas, Texas 75217

LOCATION OF COLLECTION RECORDS:

Mohawk Servicing, LLC
160 S. Industrial Boulevard
Calhoun, GA 30701

FEDERAL EMPLOYER IDENTIFICATION NUMBER
AND ORGANIZATIONAL IDENTIFICATION NUMBER:

Mohawk Carpet Distribution, Inc.
FEI # 58-2173403
Organizational ID# 2502648

Dal-Tile Distribution, Inc.
FEI# 20-1881043
Organizational ID# 3871291

Unilin North America, LLC FEI# 04-3202542 Organizational ID#
2345414

LEGAL, TRADE AND ASSUMED NAMES:

Aladdin Mills
World Carpet
Mohawk Commercial
IMAGE
Galaxy
Merit Hospitality
Custom Weave
Wunda Weve
Mohawk International
Karastan
Alliance Pad
Crown Craft
Mohawk Carpet
World
Diamond
Durkan Patterned Carpet
Rug & Textile Group
Aladdin Rug
Townhouse
Newmark & James
Durkan Commercial
American Rug Craftsman
Horizon
Alexander Smith
Nonpareil Dyeing and Finishing
Rainbow International
International Marble and Granite
QuickStep
Bigelow
Harbinger
Helios
Delaware Valley Wool Scouring
American Weavers
Burton Rug
Insignia
Sunrise
Hamilton
Ciboney Carpet
Mohawk Rug & Textile
Ultra Weave
Lees
American Olean
Color Center
Floorscapes
Portico
Wayn-tex
Columbia
DALTILE
Mohawk Home
Century
Keys Granite
The Mohawk Group

EXHIBIT 31.1

CERTIFICATIONS

I, Jeffrey S. Lorberbaum, certify that:

1. I have reviewed this annual report on Form 10-Q of Mohawk Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2014

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Frank H. Boykin, certify that:

1. I have reviewed this annual report on Form 10-Q of Mohawk Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2014

/s/ Frank H. Boykin

Frank H. Boykin
Chief Financial Officer

EXHIBIT 32.1

Statement of Chief Executive Officer of
MOHAWK INDUSTRIES, INC.
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Mohawk Industries, Inc. (the "Company") on Form 10-Q for the period ended September 27, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey S. Lorberbaum, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

November 3, 2014

EXHIBIT 32.2

Statement of Chief Financial Officer of
MOHAWK INDUSTRIES, INC.
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Mohawk Industries, Inc. (the "Company") on Form 10-Q for the period ended September 27, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank H. Boykin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank H. Boykin

Frank H. Boykin
Chief Financial Officer

November 3, 2014