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 June 27, 2020

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
Former name, former address and former fiscal year, if changed since last report:

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 x No ☐

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

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	**MHK**	**New York Stock Exchange**
Floating Rate Notes due 2021		**New York Stock Exchange**
2.000% Senior Notes due 2022		**New York Stock Exchange**

The number of shares outstanding of the issuer's common stock as of August 4, 2020, the latest practicable date, is as follows: 71,195,045 shares of common stock, $.01 par value.

MOHAWK INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 27, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 737,712	134,785
Receivables, net	1,586,398	1,526,619
Inventories	1,922,048	2,282,328
Prepaid expenses	399,967	415,546
Other current assets	99,873	70,179
Total current assets	4,745,998	4,429,457
Property, plant and equipment	8,405,227	8,496,008
Less: accumulated depreciation	3,970,683	3,797,091
Property, plant and equipment, net	4,434,544	4,698,917
Right of use operating lease assets	318,047	323,003
Goodwill	2,541,906	2,570,027
Tradenames	689,224	702,732
Other intangible assets subject to amortization, net	221,614	226,147
Deferred income taxes and other non-current assets	418,071	436,397
	$ 13,369,404	13,386,680
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	$ 135,350	1,051,498
Accounts payable and accrued expenses	1,618,584	1,559,140
Current operating lease liabilities	118,296	101,945
Total current liabilities	1,872,230	2,712,583
Deferred income taxes	434,264	473,886
Long-term debt, less current portion	2,573,155	1,518,388
Non-current operating lease liabilities	226,555	228,155
Other long-term liabilities	338,336	327,220
Total liabilities	5,444,540	5,260,232
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, $.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, $.01 par value; 150,000 shares authorized; 78,541 and 78,980 shares issued in 2020 and 2019, respectively	785	790
Additional paid-in capital	1,874,623	1,868,250
Retained earnings	7,225,828	7,232,337
Accumulated other comprehensive loss	(966,776)	(765,824)
	8,134,460	8,335,553
Less: treasury stock at cost; 7,346 and 7,348 shares in 2020 and 2019, respectively	215,648	215,712
Total Mohawk Industries, Inc. stockholders' equity	7,918,812	8,119,841
Nonredeemable noncontrolling interest	6,052	6,607
Total stockholders' equity	7,924,864	8,126,448
	$ 13,369,404	13,386,680

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		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales	$ 2,049,800	2,584,485	4,335,563	5,026,975
Cost of sales	1,679,833	1,847,867	3,349,156	3,665,430
Gross profit	369,967	736,618	986,407	1,361,545
Selling, general and administrative expenses	430,925	469,758	895,883	929,355
Operating income (loss)	(60,958)	266,860	90,524	432,190
Interest expense	12,956	10,521	21,627	20,994
Other expense (income) net	1,037	(3,048)	6,716	(6,784)
Earnings (loss) before income taxes	(74,951)	259,387	62,181	417,980
Income tax expense (benefit)	(26,363)	56,733	304	93,751
Net earnings (loss) including noncontrolling interests	(48,588)	202,654	61,877	324,229
Net income (loss) attributable to noncontrolling interests	(331)	213	(380)	203
Net earnings (loss) attributable to Mohawk Industries, Inc.	$ (48,257)	202,441	62,257	324,026
Basic earnings (loss) per share attributable to Mohawk Industries, Inc.				
Basic earnings (loss) per share attributable to Mohawk Industries, Inc.	$ (0.68)	2.80	0.87	4.50
Weighted-average common shares outstanding—basic	71,186	72,402	71,364	71,970
Diluted earnings (loss) per share attributable to Mohawk Industries, Inc.				
Diluted earnings (loss) per share attributable to Mohawk Industries, Inc.	$ (0.68)	2.79	0.87	4.48
Weighted-average common shares outstanding—diluted	71,186	72,680	71,547	72,250

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net earnings (loss) including noncontrolling interests	$ (48,588)	202,654	61,877	324,229
Other comprehensive income (loss):				
Foreign currency translation adjustments	121,190	45,127	(201,221)	59,089
Pension prior service cost and actuarial gain (loss), net of tax	(7)	(41)	94	67
Other comprehensive income (loss)	121,183	45,086	(201,127)	59,156
Comprehensive income (loss)	72,595	247,740	(139,250)	383,385
Comprehensive income (loss) attributable to noncontrolling interests	(223)	274	(555)	273
Comprehensive income (loss) attributable to Mohawk Industries, Inc.	$ 72,818	247,466	(138,695)	383,112

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 27, 2020	June 29, 2019
Cash flows from operating activities:		
Net earnings	$ 61,877	324,229
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Restructuring	73,749	37,758
Depreciation and amortization	299,610	277,773
Deferred income taxes	(45,418)	7,036
Loss on disposal of property, plant and equipment	3,461	4,981
Stock-based compensation expense	9,676	11,577
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	(96,800)	(202,657)
Inventories	306,143	(59,250)
Other assets and prepaid expenses	8,676	(27,404)
Accounts payable and accrued expenses	112,627	205,633
Other liabilities	29,894	(13,349)
Net cash provided by operating activities	763,495	566,327
Cash flows from investing activities:		
Additions to property, plant and equipment	(196,271)	(281,059)
Acquisitions, net of cash acquired	—	(76,847)
Purchases of short-term investments	(356,300)	(310,000)
Redemption of short-term investments	342,100	314,000
Net cash used in investing activities	(210,471)	(353,906)
Cash flows from financing activities:		
Payments on Senior Credit Facilities	(633,134)	(241,354)
Proceeds from Senior Credit Facilities	617,710	212,223
Payments on commercial paper	(4,677,277)	(8,547,107)
Proceeds from commercial paper	4,113,408	8,392,082
Proceeds from Senior Notes issuance	1,062,240	—
Repayments on Senior Notes	(326,904)	—
Proceeds from Term Loan Facility	500,000	—
Repayment on Term Loan Facility	(500,000)	—
Payments of other debt and financing costs	(2,291)	(571)
Debt issuance costs	(11,896)	—
Purchase of Mohawk common stock	(68,640)	(8,963)
Change in outstanding checks in excess of cash	(6,831)	(7,036)
Shares redeemed for taxes	(3,417)	(4,711)
Proceeds from stock transactions	1	1
Net cash (used in) provided by financing activities	62,969	(205,436)
Effect of exchange rate changes on cash and cash equivalents	(13,066)	2,061
Net change in cash and cash equivalents	602,927	9,046
Cash and cash equivalents, beginning of period	134,785	119,050
Cash and cash equivalents, end of period	$ 737,712	128,096

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

Unless this Form 10-Q indicates otherwise or the context otherwise requires, the terms “we,” “our,” “us,” “Mohawk,” or “the Company” as used in this Form 10-Q refer to Mohawk Industries, Inc.

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 (“U.S. GAAP”) 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 2019 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.

COVID-19 Pandemic

The Company has already experienced certain disruptions to its business and further disruptions may occur that could materially affect the Company’s ability to obtain supplies, manufacture its products or deliver inventory in a timely manner. Future disruptions may result in lost revenue, additional costs or impairments to goodwill or other assets. The Company is currently implementing business continuity plans during the crisis and attempting to minimize the pandemic’s impact, but we may be unable to adequately respond to further outbreaks in particular geographies and our operations may be materially impacted. The extent to which the COVID-19 pandemic may impact the Company’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the particular responses employed in various countries and regions. Accordingly, COVID-19 and the related global economic downturn could have a material adverse effect on the Company’s business, results of operations and financial condition.

Hedges of Net Investments in Non-U.S. Operations

The Company has numerous investments outside the United States. The net assets of these subsidiaries are exposed to changes and volatility in currency exchange rates. The Company uses foreign currency denominated debt to hedge its non-U.S. net investments against adverse movements in exchange rates. The gains and losses on the Company’s net investments in its non-U.S. operations are economically offset by losses and gains on its foreign currency borrowings. The Company designated its €500,000 2.00% Senior Notes borrowing as a net investment hedge of a portion of its European operations. For the six months ended June 27, 2020 and June 29, 2019, the change in the U.S. dollar value of the Company’s euro denominated debt was an increase of $942 ($716 net of taxes) and a decrease of $3,578 ($2,718 net of taxes), respectively, which is recorded in the foreign currency translation adjustment component of accumulated other comprehensive income or (loss). The change in the U.S. dollar value of the Company’s debt partially offsets the euro-to-dollar translation of the Company’s net investment in its European operations.

Recent Accounting Pronouncements - Recently Adopted

In June 2016, the FASB issues ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which was further amended by additional accounting standards updates issued by the FASB. The new standard replaced the incurred loss impairment methodology for recognizing credit losses with a new methodology that requires recognition of lifetime expected credit losses when a financial asset is originated or purchased, even if the risk of loss is remote. The new methodology (referred to as the current expected credit losses model, or "CECL") applies to most financial assets measured at amortized cost, including trade receivables, and requires consideration of a broader range of reasonable and supportable information to estimate expected credit losses. The Company adopted the new standard on January 1, 2020 using a modified retrospective transition approach, with the cumulative impact being immaterial to the financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and other (Topic 350): Simplifying the test for goodwill impairment.* The amendments remove the second step of the current goodwill impairment test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. This guidance is effective for impairment tests in fiscal years beginning after December 15, 2019. The effect of adopting the new standard was not material.

Recent Accounting Pronouncements - Effective in Future Years

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* which simplified the accounting for income taxes in several areas by removing certain exceptions and by clarifying and amending existing guidance applicable to accounting for income taxes. The amendment is effective commencing in 2021 with early adoption permitted. The Company is currently evaluating the impact that the adoption of this accounting standards update will have on its consolidated financial statements.

2. Acquisitions

2019 Acquisitions

During 2019, the Company acquired two hard surface flooring distribution companies based in the Netherlands and Czech Republic for $76,237, resulted in allocations of goodwill of $38,366 and intangible assets subject to amortization of $12,789. The results have been included in the Flooring ROW segment and are not material to the Company’s consolidated results of operations.

2018 Acquisitions

On November 16, 2018, the Company completed its purchase of Eliane S/A Revestimentos Ceramicos (“Eliane”), one of the largest ceramic tile companies in Brazil. Pursuant to the purchase agreement, the Company (i) acquired the entire issued share capital of Eliane and (ii) acquired $99,037 of net indebtedness of Eliane, with total cash consideration paid of $148,302. The Company’s acquisition of Eliane resulted in allocations of goodwill of $33,019, indefinite-lived tradename intangible assets of $32,238 and intangible assets subject to amortization of $5,818. The majority of the goodwill is deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill include product, sales and manufacturing synergies. Eliane’s results of operations have been included in the consolidated financial statements since the date of acquisition in the Global Ceramic reporting segment.

On July 2, 2018, the Company completed its acquisition of Godfrey Hirst Group, the leading flooring company in Australia and New Zealand, further extending Mohawk’s global position. The total value of the acquisition was $400,894. The Company’s acquisition of Godfrey Hirst Group resulted in allocations of goodwill of $88,655, indefinite-lived tradename intangible assets of $58,671 and intangible assets subject to amortization of $43,635. The goodwill is deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill include product, sales and manufacturing synergies. The Godfrey Hirst Group’s results have been included in the condensed consolidated financial statements since the date of acquisition in the Flooring NA and Flooring ROW segments.

During the first quarter of 2018, the Company completed the acquisition of three businesses in the Flooring ROW segment for $24,610, resulting in a goodwill allocation of $12,874 and intangibles subject to amortization of $7.

3. Revenue from Contracts with Customers

Revenue recognition and accounts receivable

The Company recognizes revenues when it satisfies performance obligations as evidenced by the transfer of control of the promised goods to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. The nature of the promised goods are ceramic, stone, carpet, resilient, laminate, wood and other flooring products. Payment is typically received 90 days or less from the invoice date. The Company adjusts the amounts of revenue for expected cash discounts, sales allowances, returns, and claims, based upon historical experience. The Company adjusts accounts receivable for doubtful account allowances based upon relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount, periodic evaluation of specific customer accounts, and the aging of accounts receivable. If the Company expects the financial condition of the Company's customers to deteriorate based on current conditions or reasonable and supportable forecasts, additional allowances may be required.

Contract liabilities

The Company historically records contract liabilities when it receives payment prior to fulfilling a performance obligation. Contract liabilities related to revenues are recorded in accounts payable and accrued expenses on the accompanying condensed consolidating balance sheets. The Company had contract liabilities of $35,932 and $34,959 as of June 27, 2020 and December 31, 2019, respectively.

Performance obligations

Substantially all of the Company's revenue is recognized at a point in time when the product is either shipped or received from the Company's facilities and control of the product is transferred to the customer. Accordingly, in any period, the Company does not recognize a significant amount of revenue from performance obligations satisfied or partially satisfied in prior periods and the amount of such revenue recognized during the three and six months ended June 27, 2020 was immaterial.

Costs to obtain a contract

The Company historically incurs certain incremental costs to obtain revenue contracts. These costs relate to marketing display structures and are capitalized when the amortization period is greater than one year, with the amount recorded in other assets on the accompanying condensed consolidated balance sheets. Capitalized costs to obtain contracts were $62,196 and $69,039 as of June 27, 2020 and December 31, 2019, respectively. Amortization expense recognized during the six months ended June 27, 2020 related to these capitalized costs was $34,754.

Practical expedients and policy elections

The Company elected the following practical expedients and policy elections:

- Incremental costs of obtaining a contract is recorded as an expense when incurred in selling, general and administrative expenses if the amortization period is less than one year.
- Shipping and handling activities performed after control has been transferred is accounted for as a fulfillment cost in cost of sales.

Revenue disaggregation

The following table presents the Company’s segment revenues disaggregated by the geographical market location of customer sales and product categories for the three months ended June 27, 2020 and June 29, 2019:

June 27, 2020	**Global Ceramic segment**	**Flooring NA segment**	**Flooring ROW segment**	**Total**
Geographical Markets				
United States	$ 472,538	777,778	376	1,250,692
Europe	146,647	842	352,356	499,845
Russia	55,216	—	22,234	77,450
Other	78,934	21,468	121,411	221,813
	$ 753,335	800,088	496,377	2,049,800
Product Categories				
Ceramic & Stone	$ 751,735	7,403	—	759,138
Carpet & Resilient	1,600	615,754	163,279	780,633
Laminate & Wood	—	176,931	165,467	342,398
Other[1]	—	—	167,631	167,631
	$ 753,335	800,088	496,377	2,049,800

June 29, 2019	**Global Ceramic segment**	**Flooring NA segment**	**Flooring ROW segment**	**Total**
Geographical Markets				
United States	$ 554,509	946,086	709	1,501,304
Europe	205,205	2,164	475,761	683,130
Russia	67,792	22	27,087	94,901
Other	130,525	35,167	139,458	305,150
	$ 958,031	983,439	643,015	2,584,485
Product Categories				
Ceramic & Stone	$ 958,031	13,915	—	971,946
Carpet & Resilient	—	808,402	201,519	1,009,921
Laminate & Wood	—	161,122	215,058	376,180
Other[1]	—	—	226,438	226,438
	$ 958,031	983,439	643,015	2,584,485

[1] Other includes roofing elements, insulation boards, chipboards and IP contracts.

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The following table presents the Company's segment revenues disaggregated by the geographical market location of customer sales and product categories for the six months ended June 27, 2020 and June 29, 2019:

June 27, 2020	Global Ceramic segment	Flooring NA segment	Flooring ROW segment	Total
Geographical Markets				
United States	$ 977,643	1,588,226	1,083	2,566,952
Europe	316,182	3,478	792,851	1,112,511
Russia	115,024	—	48,560	163,584
Other	192,936	56,714	242,866	492,516
	$ 1,601,785	1,648,418	1,085,360	4,335,563
Product Categories				
Ceramic & Stone	$ 1,600,185	17,768	—	1,617,953
Carpet & Resilient	1,600	1,299,469	354,574	1,655,643
Laminate & Wood	—	331,181	364,276	695,457
Other [1]	—	—	366,510	366,510
	$ 1,601,785	1,648,418	1,085,360	4,335,563

June 29, 2019	Global Ceramic segment	Flooring NA segment	Flooring ROW segment	Total
Geographical Markets				
United States	$ 1,096,335	1,829,328	777	2,926,440
Europe	384,515	4,001	945,678	1,334,194
Russia	119,707	52	50,701	170,460
Other	255,826	72,038	268,017	595,881
	$ 1,856,383	1,905,419	1,265,173	5,026,975
Product Categories				
Ceramic & Stone	$ 1,856,383	28,358	—	1,884,741
Carpet & Resilient	—	1,543,826	392,448	1,936,274
Laminate & Wood	—	333,235	425,259	758,494
Other [1]	—	—	447,466	447,466
	$ 1,856,383	1,905,419	1,265,173	5,026,975

[1] Other includes roofing elements, insulation boards, chipboards and IP contracts.

4. 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 six months ended June 27, 2020 and June 29, 2019:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Cost of sales				
Restructuring costs[1]	$ 49,500	4,379	60,672	35,913
Acquisition integration-related costs	543	1,488	1,153	2,556
Restructuring and acquisition integration-related costs	$ 50,043	5,867	61,825	38,469
Selling, general and administrative expenses				
Restructuring costs[1]	$ 12,540	443	13,077	1,845
Acquisition transaction-related costs	6	637	(210)	917
Acquisition integration-related costs	990	1,988	1,565	3,407
Restructuring, acquisition transaction and integration-related costs	$ 13,536	3,068	14,432	6,169

[1] The restructuring costs for 2020 and 2019 primarily relate to the Company's actions taken to lower its cost structure and improve efficiencies of manufacturing and distribution operations as well as actions related to the Company's recent acquisitions. The Company currently estimates that it will incur additional restructuring costs of approximately $70,000 primarily related to asset write-downs in its Flooring North America and Global Ceramic segments, which are expected to be substantially concluded in 2020.

The restructuring activity for the six months ended June 27, 2020 is as follows:

	Lease impairments	Asset write-downs	Severance	Other restructuring costs	Total
Balance as of December 31, 2019	$ 21	—	4,122	116	4,259
Provision - Global Ceramic segment	—	4,625	11,953	305	16,883
Provision - Flooring NA segment	—	26,332	4,982	5,681	36,995
Provision - Flooring ROW segment	—	8,898	7,638	2,076	18,612
Provision - Corporate	—	—	1,259	—	1,259
Cash payments	(16)	—	(5,617)	(5,726)	(11,359)
Non-cash items	—	(39,855)	(151)	(1,989)	(41,995)
Balance as of June 27, 2020	$ 5	—	24,186	463	24,654

The Company expects the remaining severance and other restructuring costs to be paid over the next 12 months.

5. Receivables, net

Receivables, net are as follows:

	At June 27, 2020	At December 31, 2019
Customers, trade	$ 1,563,110	1,491,592
Income tax receivable	9,500	8,428
Other	92,660	88,520
	1,665,270	1,588,540
Less: allowance for discounts, claims and doubtful accounts[1]	78,872	61,921
Receivables, net	$ 1,586,398	1,526,619

[1] The Company adopted the new standard, ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, on January 1, 2020 using a modified retrospective transition approach, with the cumulative impact being immaterial to the financial statements.

See Note 3 - *Revenue from Contracts with Customers* for descriptions of estimates of allowance for discount claims and doubtful accounts.

6. Inventories

The components of inventories are as follows:

	At June 27, 2020	At December 31, 2019
Finished goods	$ 1,377,173	1,610,742
Work in process	117,588	144,639
Raw materials	427,287	526,947
Total inventories	$ 1,922,048	2,282,328

Inventories are stated at the lower of cost or market (net realizable value). Cost has been determined using the first-in first-out method ("FIFO"). Costs included in inventory include raw materials, direct and indirect labor and employee benefits, depreciation, general manufacturing overhead and various other costs of manufacturing. Market, with respect to all inventories, is replacement cost or net realizable value. Inventories on hand are compared against anticipated future usage, which is a function of historical usage, anticipated future selling price, expected sales below cost, excessive quantities and an evaluation for obsolescence. Actual results could differ from assumptions used to value obsolete inventory, excessive inventory or inventory expected to be sold below cost.

7. Goodwill and intangible assets

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

Goodwill:

	Global Ceramic segment	Flooring NA segment	Flooring ROW segment	Total
Balance as of December 31, 2019				
Goodwill	$ 1,583,576	874,198	1,439,678	3,897,452
Accumulated impairment losses	(531,930)	(343,054)	(452,441)	(1,327,425)
	1,051,646	531,144	987,237	2,570,027
Goodwill recognized during the period	—	—	(9,642)	(9,642)
Currency translation during the period	(16,538)	—	(1,941)	(18,479)
Balance as of June 27, 2020				
Goodwill	1,567,038	874,198	1,428,095	3,869,331
Accumulated impairment losses	(531,930)	(343,054)	(452,441)	(1,327,425)
	$ 1,035,108	531,144	975,654	2,541,906

Intangible assets not subject to amortization:

	Tradenames
Balance as of December 31, 2019	$ 702,732
Currency translation during the period	(13,508)
Balance as of June 27, 2020	$ 689,224

Intangible assets subject to amortization:

Gross carrying amounts:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2019	$ 645,206	249,100	6,631	900,937
Intangible assets recognized during the period	12,789	—	—	12,789
Currency translation during the period	(3,214)	419	(195)	(2,990)
Balance as of June 27, 2020	$ 654,781	249,519	6,436	910,736

Accumulated amortization:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2019	$ 426,765	246,872	1,153	674,790
Amortization during the period	12,774	1,037	45	13,856
Currency translation during the period	46	434	(4)	476
Balance as of June 27, 2020	$ 439,585	248,343	1,194	689,122
Intangible assets subject to amortization, net	$ 215,196	1,176	5,242	221,614

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Amortization expense	$ 6,980	6,955	13,856	13,684

Mohawk performs its annual testing of goodwill and indefinite lived intangibles in the fourth quarter of each year and no impairment was indicated for 2019. In 2019 the Company also concluded that in general, a decline in estimated after tax cash flows greater than approximately 19% to 39% or an increase of approximately 15% to 45% in WACC or a significant or prolonged decline in market capitalization could result in an additional indication of impairment.

As a result of the recent economic impact from COVID-19, the Company performed a qualitative assessment of whether the fair value of any of its reporting units or indefinite-lived intangible assets was more likely than not less than its carrying amount at March 28, 2020. The Company concluded neither goodwill nor any of its indefinite-lived intangible assets were impaired at March 28, 2020. There were no factors or changes in circumstances to indicate a change to this assessment was required during the three months ended June 27, 2020. However, while we have concluded that neither goodwill nor any of its indefinite-lived intangible assets were impaired during the quarter ended June 27, 2020, a prolonged pandemic could impact the Company’s assumptions utilized in the determination of the estimated fair values of the Company’s reporting units and indefinite-lived intangible assets significantly enough to trigger an impairment. Hence, the Company continues to monitor the economic impact of COVID-19 and may be required to reassess impairment of goodwill or indefinite-lived intangible assets in future interim periods.

8. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

	At June 27, 2020	At December 31, 2019
Outstanding checks in excess of cash	$ 3,093	9,924
Accounts payable, trade	845,257	824,956
Accrued expenses	471,247	461,035
Product warranties	53,769	49,184
Accrued interest	17,745	21,050
Accrued compensation and benefits	227,473	192,991
Total accounts payable and accrued expenses	$ 1,618,584	1,559,140

9. Accumulated other comprehensive income (loss)

The changes in accumulated other comprehensive income (loss) by component, for the six months ended June 27, 2020 are as follows:

	Foreign currency translation adjustments	Pensions, net of tax	Total
Balance as of December 31, 2019	$ (753,108)	(12,716)	(765,824)
Current period other comprehensive income (loss)	(201,046)	94	(200,952)
Balance as of June 27, 2020	$ (954,154)	(12,622)	(966,776)

10. Leases

Effective January 1, 2019 the Company adopted ASC 842, which requires recognition of right of use (“ROU”) assets and lease liabilities on the balance sheet, based on the present value of the future minimum rental payments for existing operating leases. The Company adopted the provisions of ASC 842 on January 1, 2019 using a modified retrospective approach through a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption in line with the new transition method allowed under ASU 2018-11. ASC 842 provides a number of optional practical expedients in transition. The Company elected the “package of practical expedients” which permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight and elected the practical expedient pertaining to land easements. The new standard also provides practical expedients for an entity’s ongoing accounting for leases. The Company elected the short-term lease exemption for all leases that qualify, meaning the Company will not recognize ROU assets or lease liabilities for leases with terms shorter than twelve months. The Company also elected the practical expedient to not separate lease and non-lease components for a majority of its asset classes, including real estate and most equipment.

The Company measures the ROU assets and liabilities based on the present value of the future minimum lease payments over the lease term at the commencement date. Minimum lease payments include the fixed lease and non-lease components of the agreement, as well as any variable rent payments that depend on an index, initially measured using the index at the lease commencement date. The ROU assets are adjusted for any initial direct costs incurred less any lease incentives received, in addition to payments made on or before the commencement date of the lease. The Company recognizes lease expense for leases on a straight-line basis over the lease term.

As the implicit rate is not readily determinable for most of the Company’s lease agreements, the Company uses an estimated incremental borrowing rate to determine the initial present value of lease payments. These discount rates for leases are calculated using the Company’s credit spread adjusted for current market factors and foreign currency rates. The Company also made a policy election to determine its incremental borrowing rate, at the initial application date, using the total lease term and the total minimum rental payments, as the Company believes this rate is more indicative of the implied financing cost.

The Company determines if a contract is or contains a lease at inception. The Company has operating and finance leases for service centers, warehouses, showrooms, and machinery and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company enters into lease contracts ranging from 1 to 60 years with a majority of the Company’s lease terms ranging from 1 to 10 years.

Some leases include one or more options to renew, with renewal terms that can extend the lease term from 3 to 10 years or more. The exercise of these lease renewal options is at the Company’s sole discretion. An insignificant number of our leases include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

Certain of our leases include rental payments that will adjust periodically for inflation or certain adjustments based on step increases. An insignificant number of our leases contain residual value guarantees and none of our agreements contain material restrictive covenants. Variable rent expenses consist primarily of maintenance, property taxes and charges based on usage.

We rent or sublease certain real estate to third parties. Our sublease portfolio consists mainly of operating leases.

The components of lease costs for the three months ended June 27, 2020 and June 29, 2019 are as follows:

	Three Months Ended June 27, 2020			Three Months Ended June 29, 2019		
	Cost of Goods Sold	Selling, General and Administrative	Total	Cost of Goods Sold	Selling, General and Administrative	Total
Operating lease costs						
Fixed	$ 5,888	25,830	31,718	8,169	22,807	30,976
Short-term	2,497	3,880	6,377	1,552	3,577	5,129
Variable	2,121	7,294	9,415	2,093	9,348	11,441
Sub-leases	(121)	(127)	(248)	(41)	(151)	(192)
	$ 10,385	36,877	47,262	11,773	35,581	47,354

	Three Months Ended June 27, 2020			Three Months Ended June 29, 2019		
	Depreciation and Amortization	Interest	Total	Depreciation and Amortization	Interest	Total
Finance lease costs						
Amortization of leased assets	$ 1,476	—	1,476	392	—	392
Interest on lease liabilities	—	154	154	—	58	58
	$ 1,476	154	1,630	392	58	450
Net lease costs			$ 48,892			47,804

The components of lease costs for the six months ended June 27, 2020 and June 29, 2019 are as follows:

	Six Months Ended June 27, 2020			Six Months Ended June 29, 2019		
	Cost of Goods Sold	Selling, General and Administrative	Total	Cost of Goods Sold	Selling, General and Administrative	Total
Operating lease costs						
Fixed	$ 13,289	50,643	63,932	15,857	47,262	63,119
Short-term	5,138	7,685	12,823	2,991	6,486	9,477
Variable	4,390	15,420	19,810	4,371	14,548	18,919
Sub-leases	(218)	(268)	(486)	(125)	(284)	(409)
	$ 22,599	73,480	96,079	23,094	68,012	91,106

	Six Months Ended June 27, 2020			Six Months Ended June 29, 2019		
	Depreciation and Amortization	Interest	Total	Depreciation and Amortization	Interest	Total
Finance lease costs						
Amortization of leased assets	$ 2,730	—	2,730	824	—	824
Interest on lease liabilities	—	303	303	—	89	89
	$ 2,730	303	3,033	824	89	913
Net lease costs			$ 99,112			92,019

Supplemental balance sheet information related to leases is as follows:

	Classification	At June 27, 2020	At December 31, 2019
Assets			
Operating Leases			
Right of use operating lease assets	Right of use operating lease assets	$ 318,047	323,003
Finance Leases			
Property, plant and equipment, gross	Property, plant and equipment	40,346	35,271
Accumulated depreciation	Accumulated depreciation	(8,358)	(5,664)
Property, plant and equipment, net	Property, plant and equipment, net	31,988	29,607
Total lease assets		$ 350,035	352,610
Liabilities			
Operating Leases			
Other current	Current operating lease liabilities	$ 118,296	101,945
Non-current	Non-current operating lease liabilities	226,555	228,155
Total operating liabilities		344,851	330,100
Finance Leases			
Short-term debt	Short-term debt and current portion of long-term debt	5,714	4,835
Long-term debt	Long-term debt, less current portion	27,064	25,214
Total finance liabilities		32,778	30,049
Total lease liabilities		$ 377,629	360,149

Maturities of lease liabilities are as follows:

Year ending December 31,	Finance Leases	Operating Leases	Total
2020 (excluding the six months ended June 27, 2020)	$ 3,164	73,856	77,020
2021	5,984	103,633	109,617
2022	5,641	76,115	81,756
2023	4,951	46,717	51,668
2024	3,548	28,461	32,009
Thereafter	12,184	44,124	56,308
Total lease payments	35,472	372,906	408,378
Less imputed interest	2,694	28,055	
Present value, Total	$ 32,778	344,851	

The Company had approximately $5,592 of leases that commenced after June 27, 2020 that created rights and obligations to the Company. These leases are not included in the above maturity schedule.

For additional information regarding the Company's Commitments and Contingencies as of December 31, 2019 as disclosed for finance and operating leases, see Note 15 in its 2019 Annual Report filed on Form 10-K.

Lease term and discount rate are as follows:

	At June 27, 2020	At December 31, 2019
Weighted Average Remaining Lease Term		
Operating Leases	4.35 years	4.27 years
Finance Leases	7.75 years	8.44 years
Weighted Average Discount Rate		
Operating Leases	3.1 %	3.3 %
Finance Leases	1.5 %	1.4 %

Supplemental cash flow information related to leases was as follows:

	Six Months Ended	
	June 27, 2020	June 29, 2019
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 61,535	63,910
Operating cash flows from finance leases	230	26
Financing cash flows from finance leases	2,819	732
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	50,270	90,091
Finance leases	3,675	195
Amortization:		
Amortization of right of use operating lease assets[(1)]	60,324	56,950

[(1)] Amortization of Right of use operating lease assets during the period is reflected in Other assets and prepaid expenses on the Condensed Consolidated Statements of Cash Flows.

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 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.

The Company granted no restricted stock units ("RSUs") for the three months ended June 27, 2020. The Company granted 188 restricted stock units ("RSUs") at a weighted average grant-date fair value of $120.94 per unit for the six months ended June 27, 2020. The Company granted 18 RSUs at a weighted average grant-date fair value of $133.45 per unit for the three months ended June 29, 2019. The Company granted 187 RSUs at a weighted average grant-date fair value of $137.30 per unit for the six months ended June 29, 2019. The Company recognized stock-based compensation costs related to the issuance of RSUs of $4,634 ($3,429 net of taxes) and $5,788 ($4,283 net of taxes) for the three months ended June 27, 2020 and June 29, 2019, 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 $9,676 ($7,160 net of taxes) and $11,577 ($8,567 net of taxes) for the six months ended June 27, 2020 and June 29, 2019, 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 $17,815 as of June 27, 2020, and will be recognized as expense over a weighted-average period of approximately 2.04. The Company did not recognize any stock-based compensation costs related to stock options for the six months ended June 27, 2020 and June 29, 2019, respectively.

12. Other expense (income), net

Other expense (income), net is as follows:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Foreign currency losses (gains), net	$ (2,369)	2,088	5,239	978
Impairment of joint venture in Brazil	3,599	—	3,599	—
All other, net	(193)	(5,136)	(2,122)	(7,762)
Total other expense (income), net	$ 1,037	(3,048)	6,716	(6,784)

13. Income Taxes

For the quarter ended June 27, 2020, the Company is now able to reasonably estimate its annual effective rate because it has six months of actual pre-tax income, therefore the Company has recorded taxes using this approach. For the quarter ended June 27, 2020, the Company recorded an income tax benefit of $26,363 on losses before income taxes of $74,951 for an effective tax rate of 35.2%, as compared to an income tax expense of $56,733 on earnings before income taxes of $259,387, for an effective tax rate of 21.9% for the quarter ended June 29, 2019. For the six months ended June 27, 2020, the Company recorded income tax expense of $304 on earnings before income taxes of $62,181 for an effective tax rate of less than 1%, as compared to income tax expense of $93,751 on earnings before income taxes of $417,980, for an effective tax rate of 22.4% for the six months ended June 29, 2019. The difference in the effective tax rates for the comparative periods was caused by the geographical dispersion of profits and losses and the impact of COVID-19 in Q2 2020.

14. Stockholders' Equity

The following tables reflect the changes in stockholders' equity for the three months ended June 27, 2020 and June 29, 2019 (in thousands).

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
March 28, 2020	78,531	$ 785	$ 1,870,003	$ 7,274,085	$ (1,087,852)	(7,346)	$ (215,653)	$ 6,275	$ 7,847,643
Shares issued under employee and director stock plans	10	—	(15)	—	—	—	5	—	(10)
Stock-based compensation expense	—	—	4,635	—	—	—	—	—	4,635
Repurchases of common stock	—	—	—	—	—	—	—	—	—
Noncontrolling earnings (loss)	—	—	—	—	—	—	—	(331)	(331)
Currency translation adjustment on non-controlling interests	—	—	—	—	—	—	—	108	108
Currency translation adjustment	—	—	—	—	121,083	—	—	—	121,083
Prior pension and post-retirement benefit service cost and actuarial gain (loss)	—	—	—	—	(7)	—	—	—	(7)
CECL adoption	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	(48,257)	—	—	—	—	(48,257)
June 27, 2020	78,541	$ 785	$ 1,874,623	$ 7,225,828	$ (966,776)	(7,346)	$ (215,648)	$ 6,052	$ 7,924,864

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
March 30, 2019	79,771	$ 798	$ 1,853,484	$ 6,709,782	$ (777,547)	(7,349)	$ (215,716)	$ 6,244	$ 7,577,045
Shares issued under employee and director stock plans	7	—	(24)	—	—	1	4	—	(20)
Stock-based compensation expense	—	—	5,788	—	—	—	—	—	5,788
Repurchases of common stock	(66)	(1)	—	(8,962)	—	—	—	—	(8,963)
Noncontrolling earnings	—	—	—	—	—	—	—	214	214
Currency translation adjustment on non-controlling interests	—	—	—	—	—	—	—	60	60
Currency translation adjustment	—	—	—	—	45,067	—	—	—	45,067
Prior pension and post-retirement benefit service cost and actuarial gain (loss)	—	—	—	—	(41)	—	—	—	(41)
Net income	—	—	—	202,441	—	—	—	—	202,441
June 29, 2019	79,712	$ 797	$ 1,859,248	$ 6,903,261	$ (732,521)	(7,348)	$ (215,712)	$ 6,518	$ 7,821,591

The following tables reflect the changes in stockholders’ equity for the six months ended June 27, 2020 and June 29, 2019 (in thousands).

	Total Stockholders’ Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
January 1, 2020	78,980	$ 790	$ 1,868,250	$ 7,232,337	$ (765,824)	(7,348)	$ (215,712)	$ 6,607	$ 8,126,448
Shares issued under employee and director stock plans	140	1	(3,303)	—	—	2	64	—	(3,238)
Stock-based compensation expense	—	—	9,676	—	—	—	—	—	9,676
Repurchases of common stock	(579)	(6)	—	(68,635)	—	—	—	—	(68,641)
Noncontrolling earnings (loss)	—	—	—	—	—	—	—	(380)	(380)
Currency translation adjustment on non-controlling interests	—	—	—	—	—	—	—	(175)	(175)
Currency translation adjustment	—	—	—	—	(201,046)	—	—	—	(201,046)
Prior pension and post-retirement benefit service cost and actuarial gain (loss)	—	—	—	—	94	—	—	—	94
CECL adoption	—	—	—	(131)	—	—	—	—	(131)
Net income	—	—	—	62,257	—	—	—	—	62,257
June 27, 2020	78,541	$ 785	$ 1,874,623	$ 7,225,828	$ (966,776)	(7,346)	$ (215,648)	$ 6,052	$ 7,924,864

	Total Stockholders’ Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
January 1, 2019	79,656	$ 797	$ 1,852,173	$ 6,588,197	$ (791,608)	(7,349)	$ (215,745)	$ 6,245	$ 7,440,059
Shares issued under employee and director stock plans	122	1	(4,502)	—	—	1	33	—	(4,468)
Stock-based compensation expense	—	—	11,577	—	—	—	—	—	11,577
Repurchases of common stock	(66)	(1)	—	(8,962)	—	—	—	—	(8,963)
Noncontrolling earnings	—	—	—	—	—	—	—	204	204
Currency translation adjustment on non-controlling interests	—	—	—	—	—	—	—	69	69
Currency translation adjustment	—	—		—	59,020	—	—	—	59,020
Prior pension and post-retirement benefit service cost and actuarial gain (loss)	—	—	—	—	67	—	—	—	67
Net income	—	—	—	324,026	—	—	—	—	324,026
June 29, 2019	79,712	$ 797	$ 1,859,248	$ 6,903,261	$ (732,521)	(7,348)	$ (215,712)	$ 6,518	$ 7,821,591

15. Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing net earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) 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 net earnings (loss) available to common stockholders and weighted-average common shares outstanding for purposes of calculating basic and diluted earnings (loss) per share is as follows:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net earnings (loss) attributable to Mohawk Industries, Inc.	$ (48,257)	202,441	62,257	324,026
Weighted-average common shares outstanding-basic and diluted:				
Weighted-average common shares outstanding—basic	71,186	72,402	71,364	71,970
Add weighted-average dilutive potential common shares—options to purchase common shares and RSUs, net[1]	—	278	183	280
Weighted-average common shares outstanding-diluted	71,186	72,680	71,547	72,250
Earnings (loss) per share attributable to Mohawk Industries, Inc.				
Basic	$ (0.68)	2.80	0.87	4.50
Diluted	$ (0.68)	2.79	0.87	4.48

[1] Due to the anti-dilutive effect resulting from the reported net loss, an incremental 167 of potentially dilutive securities were omitted from the calculation of weighted-average common shares outstanding for the three months ended June 27, 2020. The impact of these potentially dilutive securities was included in the calculation of weighted-average common shares outstanding for diluted earnings per share for the six months ended June 27, 2020.

16. Segment reporting

The Company has three reporting segments: the Global Ceramic segment, the Flooring NA segment and the Flooring ROW segment. The Global Ceramic segment designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone, quartz, porcelain slab countertops and other products, which it distributes primarily in North America, Europe, South America 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 Flooring NA segment designs, manufactures, sources and markets its floor covering product lines, including carpets, rugs, carpet pad, hardwood, laminate and resilient (includes sheet vinyl and LVT), which it distributes 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, distributors, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial contractors and commercial end users. The Flooring ROW segment designs, manufactures, sources, licenses and markets laminate, hardwood flooring, roofing elements, insulation boards, medium-density fiberboard ("MDF"), chipboards, other wood products, sheet vinyl and LVT, which it distributes primarily in Europe, Australia, New Zealand and Russia 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		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales:				
Global Ceramic segment	$ 753,335	958,031	1,601,785	1,856,383
Flooring NA segment	800,088	983,439	1,648,418	1,905,419
Flooring ROW segment	496,377	643,015	1,085,360	1,265,173
Total	$ 2,049,800	2,584,485	4,335,563	5,026,975
Operating income (loss)[1]:				
Global Ceramic segment	$ (33,809)	117,036	14,168	200,266
Flooring NA segment	(45,484)	62,047	(9,278)	65,242
Flooring ROW segment	29,478	100,093	105,294	189,083
Corporate and intersegment eliminations	(11,143)	(12,316)	(19,660)	(22,401)
Total	$ (60,958)	266,860	90,524	432,190

[1]During the second quarter of 2020, the Company revised the methodology it uses to estimate and allocate corporate general and administrative expenses to its operating segments to better align usage of corporate resources allocated to the Company segments. The updated allocation methodology had no impact on the Company's consolidated statements of operations. This change was applied retrospectively, and segment operating income for all comparative periods has been updated to reflect this change.

	At June 27, 2020	At December 31, 2019
Assets:		
Global Ceramic segment	$ 5,112,084	5,419,896
Flooring NA segment	3,682,638	3,823,654
Flooring ROW segment	3,770,581	3,925,246
Corporate and intersegment eliminations	804,101	217,884
Total	$ 13,369,404	13,386,680

17. Commitments and contingencies

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.

Perfluorinated Compounds ("PFCs") Litigation

In September 2016, the Water Works and Sewer Board of the City of Gadsden, Alabama (the "Gadsden Water Board") filed an individual complaint in the Circuit Court of Etowah County, Alabama against certain manufacturers, suppliers, and users of chemicals containing specific PFCs, including the Company. In May 2017, the Water Works and Sewer Board of the Town of Centre, Alabama (the "Centre Water Board") filed a similar complaint in the Circuit Court of Cherokee County, Alabama. The Gadsden Water Board and the Centre Water Board both seek monetary damages and injunctive relief claiming that their water supplies contain excessive amounts of PFCs. Certain defendants, including the Company, filed dispositive motions in each case arguing that the Alabama state courts lack personal jurisdiction over them. These motions were denied. In June and September 2018, certain defendants, including the Company, petitioned the Alabama Supreme Court for Writs of Mandamus directing each lower court to enter an order granting the defendants' dispositive motions on personal jurisdiction grounds. The Alabama Supreme Court denied the petitions on December 20, 2019. Certain defendants, including the Company, filed an Application for Rehearing with the Alabama Supreme Court asking the Court to reconsider its December 2019 decision. The Alabama Supreme Court denied the application for rehearing.

In December 2019, the City of Rome, Georgia ("Rome") filed a complaint in the Superior Court of Floyd County, Georgia that is similar to the Gadsden Water Board and Centre Water Board complaints, again seeking monetary damages and injunctive relief related to PFCs. Also in December 2019, Jarrod Johnson filed a putative class action in the Superior Court of Floyd County, Georgia purporting to represent all water subscribers with the Rome (Georgia) Water and Sewer Division and/or the Floyd County (Georgia) Water Department and seeking to recover, among other things, damages in the form of alleged increased rates and surcharges incurred by ratepayers for the costs associated with eliminating certain PFCs from their drinking water. In January 2020, defendant 3M Company removed the class action to federal court. The Company has filed motions to dismiss in both of these cases.

The Company denies all liability in these matters and intends to defend them vigorously.

Putative Securities Class Action

On January 3, 2020, the Company and certain of its executive officers were named as defendants in a putative shareholder class action lawsuit filed in the United States District Court for the Northern District of Georgia (the "Securities Class Action"). The complaint alleges that defendants violated the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making materially false and misleading statements and that the officers are control persons under Section 20(a) of the Securities Exchange Act of 1934. The complaint is filed on behalf of shareholders who purchased shares of the Company's common stock between April 28, 2017 and July 25, 2019 ("Class Period"). On June 29, 2020, an amended complaint was filed in the Securities Class Action against Mohawk and its CEO Jeff Lorberbaum, based on the same claims and the same Class Period. The amended complaint alleges that the Company (1) engaged in fabricating revenues by attempting delivery to customers that were closed and recognizing these attempts as sales; (2) overproduced product to report higher operating margins and maintained significant inventory that was not salable; and (3) valued certain inventory improperly or improperly delivered inventory with knowledge that it was defective and customers would return it. The Company intends to vigorously defend against the claims.

Government Subpoenas

On June 25, 2020, the Company received subpoenas issued by the U.S. Attorney's Office for the Northern District of Georgia and the U.S. Securities and Exchange Commission on topics similar to those raised by the amended complaint in the Securities Class Action (the "Government Subpoenas"). Following the receipt of the Government Subpoenas and the amended complaint in the Securities Class Action, the Audit Committee of the Board of Directors (the "Audit Committee"), began an internal investigation into the matter. As of August 4, 2020, the Audit Committee, assisted by outside legal counsel and forensic accountants, has substantially completed its investigation. The Company has been responsive to the ongoing subpoenas and other document requests and will continue to cooperate fully with the governmental inquiries.

Delaware State Court Action

The Company and certain of its present and former executive officers were named as defendants in a putative state securities class action lawsuit filed in the Superior Court of the State of Delaware on January 30, 2020. The complaint alleges that defendants violated Sections 11 and 12 of the Securities Act of 1933. The complaint is filed on behalf of shareholders who purchased shares of the Company's common stock in Mohawk Industries Retirement Plan 1 and Mohawk Industries Retirement Plan 2 between April 27, 2017 and July 25, 2019. On March 27, 2020, the Court granted a temporary stay of the litigation pending the earlier of either the close of fact discovery or the deadline to appeal the dismissal of the related Securities Class Action pending in the United States District Court for the Northern District of Georgia. The stay may be lifted according to the terms set forth in the Court's Order to Stay Litigation. The Company intends to vigorously defend against the claims.

Derivative Action

The Company and certain of its executive officers and directors were named as defendants in a derivative action filed in the United States District Court for the Northern District of Georgia on May 18, 2020. The complaint alleges that defendants breached their fiduciary duties to the Company by causing the Company to issue materially false and misleading statements. The complaint is filed on behalf of the Company and seeks to remedy fiduciary duty breaches occurring from April 28, 2017 – July 25, 2019. On July 20, 2020, the Court granted a temporary stay of the litigation pending the earlier of either the Securities Class Action defendants filing an answer to the operative complaint or the deadline to appeal the dismissal of the Securities Class Action. The stay may be lifted according to the terms set forth in the Court's Order to Stay Litigation. The Company intends to vigorously defend against the claims.

Belgian Tax Matter

Between 2012 and 2014, the Company received assessments from the Belgian tax authority for the calendar years 2005 through 2010 in the amounts of €46,135, €38,817, €39,635, €30,131, €35,567 and €43,117 respectively, including penalties, but excluding interest. The Belgian tax authority denied the Company's formal protests against these assessments and the Company brought all six years before the Court of First Appeal in Bruges. The Court of First Appeal in Bruges ruled in favor of the Company on January 27, 2016, with respect to the calendar years ending December 31, 2005 and December 31, 2009; and on June 13, 2018, the Court of First Appeal in Bruges ruled in favor of the Company with respect to the calendar years ending December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2010. The Belgian tax authority has lodged its Notification of Appeal for all six years with the Ghent Court of Appeal. On September 17, 2019, the Company pled its case to the Ghent Court of Special (Tax) Appeals and on October 1, 2019, the Court ruled in favor of the Company, re-confirming the rulings of the Court of First Appeals in Bruges with respect to the calendar years ending December 31, 2005 and December 31, 2009. On March 12, 2020, the Belgian tax authority filed another revised assessment for the calendar year ending December 31, 2009, with the Ghent Court.

In March 2019, the Company received assessments from the Belgian tax authority for tax years 2011 through 2017 in the amount of €40,617, €39,732, €11,358, €23,919, €30,610, €93,145 and €79,933 respectively, including penalties, but excluding interest. The Company intends to file formal protests based on these assessments in a timely manner. The assessments are largely based on the same facts underlying the positive rulings, which the Belgian tax authority may appeal.

In January 2020, the Belgian tax authority canceled the tax assessments for the years ending December 31, 2011 through 2017, inclusively. On March 10, 2020, a new notice of change was received for the year ending December 31, 2016 against which the Company has filed a protest on April 10, 2020. The new notice applies a new theory retroactively but does not yet quantify the amount of any proposed assessment.

The Company continues to disagree with the views of the Belgian tax authority on all matters referenced above and will persist in its vigorous defense. Nevertheless, on May 24, 2016, the tax collector representing the Belgian tax authorities imposed a lien on the Company's properties in Wielsbeke (Ooigemstraat and Breestraat), Oostrozebeke (Ingelmunstersteenweg) and Desselgem (Waregemstraat) included in the Flooring ROW segment. The purpose of the lien is to provide security for payment should the Belgian tax authority prevail on its appeal. The lien does not interfere with the Company's operations at these properties.

General

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.

The Company is subject to various federal, state, local and foreign environmental health and safety laws and regulations, including those governing air emissions, wastewater discharges, the use, storage, treatment, recycling and disposal of solid and hazardous materials and finished product, and the cleanup of contamination associated therewith. Because of the nature of the Company's business, the Company has incurred, and will continue to incur, costs relating to compliance with such laws and regulations. The Company is involved in various proceedings relating to environmental matters and is currently engaged in environmental investigation, remediation and post-closure care programs at certain sites. The Company has provided accruals for such activities that it has determined to be both probable and reasonably estimable. The Company does not expect that the ultimate liability with respect to such activities 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.

18. Debt

Senior Credit Facility

On October 18, 2019, the Company amended and restated its $1,800,000 senior credit facility, extending the maturity from March 26, 2022 to October 18, 2024 (as amended and restated, the "Senior Credit Facility"). The Senior Credit Facility marginally reduced the commitment fee and modified certain negative covenants to provide the Company with additional flexibility, including flexibility to make acquisitions and incur additional indebtedness. The restatement also renewed the Company's option to extend the maturity of the Senior Credit Facility up to two times for an additional one-year period each.

At the Company's election, revolving loans under the 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% (1.125% as of June 27, 2020), or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, or the Eurocurrency Rate (as defined in the Senior Credit Facility) rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75% (0.125% as of June 27, 2020). The Company also pays a commitment fee to the lenders under the Senior Credit Facility on the average amount by which the aggregate commitments of the lenders exceed utilization of the Senior Credit Facility ranging from 0.09% to 0.20% per annum (0.11% as of June 27, 2020). The applicable margins 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 Senior Credit Facility are unsecured.

The Senior Credit Facility includes certain affirmative and negative covenants that impose restrictions on the Company's financial and business operations, including limitations on liens, subsidiary indebtedness, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, future negative pledges, and changes in the nature of the Company's business. The limitations contain customary exceptions or, in certain cases, do not apply as long as the Company is in compliance with the financial ratio requirements and is not otherwise in default. The Senior Credit Facility originally required the Company to maintain a Consolidated Interest Coverage Ratio of at least 3.00 to 1.00 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.00, each as of the last day of any fiscal quarter. However, on May 7, 2020 the Company amended the Senior Credit Facility to temporarily increase the minimum Consolidated Net Leverage Ratio to 4.75 to 1.00 and to increase the amount of certain adjustments to Net Income that are permitted to calculate the ratio. The relief provided by the amendment will be in effect for the fiscal quarters ending on September 26, 2020 through (and including) the fiscal quarter ending December 31, 2021.

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

In 2019, the Company paid financing costs of $2,264 in connection with the amendment and restatement of its Senior Credit Facility. These costs were deferred and, along with previously unamortized costs of $3,405 are being amortized over the term of the Senior Credit Facility.

As of June 27, 2020, amounts utilized under the Senior Credit Facility included zero borrowings and $22,787 of standby letters of credit related to various insurance contracts and foreign vendor commitments. The outstanding borrowings of $129,635 under the Company's U.S. and European commercial paper programs as of June 27, 2020 reduce the availability of the Senior Credit Facility. Including commercial paper borrowings, the Company has utilized $152,422 under the Senior Credit Facility resulting in a total of $1,647,578 available as of June 27, 2020.

Commercial Paper

On February 28, 2014 and July 31, 2015, the Company established programs for the issuance of unsecured commercial paper in the United States and Eurozone capital markets, respectively. Commercial paper issued under the U.S. and European programs will have maturities ranging up to 397 and 183 days, respectively. None of the commercial paper notes may be voluntarily prepaid or redeemed by the Company and all rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness. To the extent that the Company issues European commercial paper notes through a subsidiary of the Company, the notes will be fully and unconditionally guaranteed by the Company.

The Company uses its Senior Credit Facility as a liquidity backstop for its commercial paper programs. Accordingly, the total amount outstanding under all of the Company's commercial paper programs may not exceed $1,800,000 (less any amounts drawn on the Senior Credit Facility) at any time.

The proceeds from the issuance of commercial paper notes will be available for general corporate purposes. As of June 27, 2020, there was $56,700 outstanding under the U.S. commercial paper program, and the euro equivalent of $72,935 under the European program. The weighted-average interest rate and maturity period for the U.S. program were 0.41% and 30 days, respectively. The weighted-average interest rate and maturity period for the European program were 0.27% and 7.9 days, respectively. The COVID-19 crisis has recently impacted the commercial paper markets, both in the US and Europe, resulting in volatility in relation to supply and pricing. As stated previously, the Company's commercial paper programs are backstopped by the Senior Credit Facility, which allows the Company to mitigate market disruptions using direct borrowings from the Senior Credit Facility.

Senior Notes

On June 12, 2020, Mohawk Capital Finance S.A. ("Mohawk Finance"), an indirect wholly-owned finance subsidiary of the Company, completed the issuance and sale of €500,000 aggregate principal amount of 1.750% Senior Notes ("1.750% Senior Notes") due June 12, 2027. The 1.750% Senior Notes are senior unsecured obligations of Mohawk Finance and rank pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 1.750% Senior Notes are fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. Interest on the 1.750% Senior Notes is payable annually in cash on June 12 of each year, commencing on June 12, 2021. The Company paid financing costs of $4,855 in connection with the 1.750% Senior Notes. These costs were deferred and are being amortized over the term of the 1.750% Senior Notes.

On May 14, 2020, the Company completed the issuance and sale of $500,000 aggregate principal amount of 3.625% Senior Notes ("3.625% Senior Notes") due May 15, 2030. The 3.625% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company's existing and future unsecured indebtedness. Interest on the 3.625% Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 2020. The Company paid financing costs of $5,550 in connection with the 3.625% Senior Notes. These costs were deferred and are being amortized over the term of the 3.625% Senior Notes.

On September 4, 2019, Mohawk Finance completed the issuance and sale of €300,000 aggregate principal amount of its Floating Rate Notes due September 4, 2021 ("2021 Floating Rate Notes"). The 2021 Floating Rate Notes are senior unsecured obligations of Mohawk Finance and rank pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 2021 Floating Rate Notes are fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bear interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.2% (but in no event shall the interest rate be less than zero). Interest on the 2021 Floating Rate Notes is payable quarterly on December 4, March 4, June 4, and September 4 of each year. Mohawk Finance received an issuance premium of €744 and paid financing cost of $754 in connection with the 2021 Floating Rate Notes. The issuance premium and financing costs have been deferred and are being amortized over the term of the 2021 Floating Rate Notes.

On May 18, 2018, Mohawk Finance completed the issuance and sale of €300,000 aggregate principal amount of its Floating Rate Notes due May 18, 2020 (“2020 Floating Rate Notes”). The 2020 Floating Rate Notes were senior unsecured obligations of Mohawk Finance and ranked pari passu with all of Mohawk Finance’s other existing and future senior unsecured indebtedness. The 2020 Floating Rate Notes were fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bore interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.3% (but in no event would the interest rate be less than zero). Interest on the 2020 Floating Rate Notes was payable quarterly on August 18, November 18, February 18, and May 18 of each year. Mohawk Finance paid financing costs of $890 in connection with the 2020 Floating Rate Notes. These costs were deferred and amortized over the term of the 2020 Floating Rate Notes. On May 18, 2020, the Company paid the remaining €300,000 outstanding principal of the 2020 Floating Rate Notes utilizing cash on hand and borrowings under its commercial paper programs.

On September 11, 2017, Mohawk Finance completed the issuance and sale of €300,000 aggregate principal amount of its Floating Rate Notes due September 11, 2019 (“2019 Floating Rate Notes”). The 2019 Floating Rate Notes were senior unsecured obligations of Mohawk Finance and ranked pari passu with all of Mohawk Finance’s other existing and future senior unsecured indebtedness. The 2019 Floating Rate Notes were fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bore interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.3% (but in no event would the interest rate be less than zero). Interest on the 2019 Floating Rate Notes was payable quarterly on September 11, December 11, March 11, and June 11 of each year. Mohawk Finance paid financing costs of $911 in connection with the 2019 Floating Rate Notes. These costs were deferred and amortized over the term of the 2019 Floating Rate Notes. On September 11, 2019, the Company paid the remaining €300,000 outstanding principal of the 2019 Floating Rate Notes utilizing cash on hand and borrowings under its European commercial paper program.

On June 9, 2015, the Company issued €500,000 aggregate principal amount of 2.00% Senior Notes (“2.00% Senior Notes”) due January 14, 2022. The 2.00% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company’s existing and future unsecured indebtedness. Interest on the 2.00% Senior Notes is payable annually in cash on January 14 of each year, commencing on January 14, 2016. The Company paid financing costs of $4,218 in connection with the 2.00% Senior Notes. These costs were deferred and are being amortized over the term of the 2.00% Senior Notes.

On January 31, 2013, the Company issued $600,000 aggregate principal amount of 3.85% Senior Notes (“3.85% Senior Notes”) due February 1, 2023. The 3.85% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company’s existing and future unsecured indebtedness. Interest on the 3.85% Senior Notes is payable semi-annually in cash on February 1 and August 1 of each year. 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.

As defined in the related agreements, the Company’s senior notes contain covenants, representations and warranties and events of default, subject to exceptions, and restrictions on the Company’s financial and business operations, including limitations on liens, restrictions on entering into sale and leaseback transactions, fundamental changes, and a provision allowing the holder of the notes to require repayment upon a change of control triggering event.

Term Loan

On April 7, 2020, the Company entered into a credit agreement that provided for a $500,000 delayed draw term loan facility (the “Term Loan Facility”). On April 15, 2020, the Company borrowed the full amount on the Term Loan Facility, the proceeds of which could be used for funding working capital and general corporate purposes of the Company. The principal amount of the Term Loan Facility was to be repaid in a single installment on April 6, 2021. The Company could prepay all or a portion of the Term Loan Facility from time to time, plus accrued and unpaid interest. The obligations of the Company and its subsidiaries in respect of the Term Loan Facility were unsecured. The Term Loan Facility was subject to the same affirmative and negative covenants that are applicable to the Senior Credit Facility. The Company recorded financing costs of $1,088 in connection with the Term Loan. On May 15, 2020, the Company prepaid the entire outstanding balance on the Term Loan Facility utilizing cash on hand and proceeds from the 3.625% Senior Notes and associated financing costs were written off in the quarter ending June 27, 2020.

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

	At June 27, 2020		At December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
1.750% Senior Notes, payable June 12, 2027; interest payable annually	$ 578,529	561,041	—	—
3.625% Senior Notes, payable May 15, 2030; interest payable semi-annually	546,635	500,000	—	—
3.85% Senior Notes, payable February 1, 2023; interest payable semi-annually	640,398	600,000	627,144	600,000
2.00% Senior Notes, payable January 14, 2022; interest payable annually	572,481	561,041	580,235	560,099
2020 Floating Rate Notes, payable May 18, 2020; interest payable quarterly	—	—	336,066	336,059
2021 Floating Rate Notes, payable September 04, 2021; interest payable quarterly	334,602	336,625	335,965	336,059
U.S. commercial paper	56,700	56,700	317,000	317,000
European commercial paper	72,935	72,935	376,946	376,946
Five-year Senior unsecured Credit Facility, due October 18, 2024	—	—	16,803	16,803
Finance leases and other	32,779	32,779	30,049	30,049
Unamortized debt issuance costs	(12,616)	(12,616)	(3,129)	(3,129)
Total debt	2,822,443	2,708,505	2,617,079	2,569,886
Less current portion of long term debt and commercial paper	135,350	135,350	1,051,498	1,051,498
Long-term debt, less current portion	$ 2,687,093	2,573,155	1,565,581	1,518,388

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

During the past two decades, the Company has grown significantly. Its current geographic breadth and diverse product offering are reflected in three reporting segments: Global Ceramic; Flooring North America ("Flooring NA"); and Flooring Rest of the World ("Flooring ROW"). The Global Ceramic Segment designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone tile and other products including natural stone, quartz and porcelain slab countertops, which it distributes primarily in North America, Europe, Brazil and Russia through various selling channels, which include company-owned stores, independent distributors and home centers. The Flooring NA Segment designs, manufactures, sources and markets its floor covering products, including broadloom carpet, carpet tile, rugs, carpet cushion, laminate and vinyl products, including luxury vinyl tile (LVT) and sheet vinyl, and wood flooring, all of which it distributes through its network of regional distribution centers and satellite warehouses using Company-operated trucks, common carriers or rail transportation. The Segment's product lines are sold through various channels, including independent floor covering retailers, independent distributors, home centers, mass merchandisers, department stores, shop at home, online retailers, buying groups, commercial contractors and commercial end users. The Flooring ROW Segment designs, manufactures, sources, licenses and markets laminate, vinyl products, including LVT and sheet vinyl, wood flooring, roofing panels, insulation boards, medium-density fiberboard ("MDF") and chipboards, which it distributes primarily in Europe, Russia, Australia and New Zealand through various channels, including independent floor covering retailers, independent distributors, company-owned distributors, home centers, commercial contractors and commercial end users.

Mohawk is a significant supplier of every major flooring category with manufacturing operations in 18 nations and sales in more than 170 countries. Based on its annual sales, the Company believes it is the world's largest flooring manufacturer. A majority of the Company's long-lived assets are located in the United States and Europe, which are also the Company's primary markets. Additionally, the Company maintains significant operations in Russia, Mexico, Australia, New Zealand, Brazil and other parts of the world. The Company is a leading provider of flooring for residential and commercial markets and has earned significant recognition for its innovation in design and performance as well as sustainability.

Due to its global footprint, Mohawk's business is sensitive to macroeconomic events in the United States and abroad. The current environment has placed unprecedented demands on the Company's operations as the COVID-19 pandemic has caused disruptions to the Company's markets and facilities around the world. During the quarter all of the Company's businesses were dramatically impacted with most of its customers and facilities operating in a limited capacity or completely shut down at times during the period. While the near-term economic and financial impact of the COVID-19 pandemic is improving, based on current visibility, the Company expects that it will continue to see decreased demand across a number of its markets. During the quarter, the Company initiated actions prompted by the evolving health crisis to enhance future performance including site closings, other facility and product rationalization actions and workforce reductions. We anticipate these global actions will deliver annual savings of approximately $110 to $120 million, with an estimated cost of approximately $170 million.

The Company believes it has the experience and resources necessary to capitalize on opportunities that will arise as employees return to work around the world and macroeconomic conditions improve. The Company also believes it is well positioned with a strong balance sheet and limited debt. The Company recently issued over $1 billion of long term bonds to strengthen its ability to strategically invest and better position Mohawk for the future. Finally, the Company is following the recommendations of local health authorities to minimize exposure risk for its employees, suppliers, customers and other stakeholders. For information on risk factors that could impact our results, please refer to "Risk Factors" in Part II, Item 1A of this Form 10-Q.

On March 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act, which provides retention related tax credits and certain tax deferrals for employers whose business has been financially impacted by the COVID-19 pandemic. The Company utilized this relief as well as programs of other governments where the Company has significant operations.

For the three months ended June 27, 2020, net loss attributable to the Company was $48.3 million, or diluted (loss) earnings per share ("EPS") of $(0.68), compared to net earnings attributable to the Company of $202.4 million, or diluted EPS of $2.79 for the three months ended June 29, 2019. Our operations and net earnings for the second quarter were unfavorably affected by disruptions caused by the COVID-19 pandemic, although results improved throughout the quarter.

For the six months ended June 27, 2020, net earnings attributable to the Company were $62.3 million, or diluted EPS of $0.87, compared to net earnings attributable to the Company of $324.0 million, or diluted EPS of $4.48 for the six months ended June 29, 2019. The Company's operations and net earnings for the period were unfavorably affected by disruptions caused by the COVID-19 pandemic. The change in EPS was primarily attributable to the unfavorable net impact of lower volumes, costs due to reducing production, the unfavorable net impact of price and product mix, and higher restructuring, acquisition and integration-related costs that were offset by productivity gains, lower inflation, and lower startup costs.

For the six months ended June 27, 2020, the Company generated $763.5 million of cash from operating activities. As of June 27, 2020, the Company had cash and cash equivalents of $737.7 million, of which $413.0 million was in the United States and $324.7 million was in foreign countries. On May 14, 2020, the Company issued $500.0 million of 3.625% senior notes due May 15, 2030, which the Company used to pay off its delayed draw term loan facility. On June 12, 2020, a subsidiary of the Company issued €500.0 of 1.750% senior notes due June 12, 2027, which the Company has used to strengthen its balance sheet in light of the COVID-19 crisis.

Results of Operations

Quarter Ended June 27, 2020, as compared with Quarter Ended June 29, 2019

Net sales

Our global sales for the second quarter were unfavorably impacted by disruptions related to the COVID-19 pandemic resulting in decreased demand during the quarter. Net sales for the three months ended June 27, 2020 were $2,049.8 million, reflecting a decrease of $534.7 million, or 20.7%, from the $2,584.5 million reported for the three months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $456 million, the unfavorable net impact from foreign exchange rates of approximately $41 million, and unfavorable net impact of price and product mix of approximately $39 million.

Global Ceramic segment—Net sales decreased $204.7 million, or 21.4%, to $753.3 million for the three months ended June 27, 2020, compared to $958.0 million for the three months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $171 million, the unfavorable net impact from foreign exchange rates of approximately $23 million and the unfavorable net impact of price and product mix of approximately $11 million.

Flooring NA segment—Net sales decreased $183.3 million, or 18.6%, to $800.1 million for the three months ended June 27, 2020, compared to $983.4 million for the three months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $165 million, and the unfavorable net impact of price and product mix of approximately $18 million.

Flooring ROW segment—Net sales decreased $146.6 million, or 22.8%, to $496.4 million for the three months ended June 27, 2020, compared to $643.0 million for the three months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $120 million, the unfavorable net impact from foreign exchange rates of approximately $17 million and the unfavorable net impact of price and product mix of approximately $10 million.

Gross profit

The Company experienced increased costs associated with short-term reductions in manufacturing output in addition to decreased demand as a result of the disruptions caused by the COVID-19 pandemic. Gross profit for the three months ended June 27, 2020 was $370.0 million (18.0% of net sales), a decrease of $366.6 million or 49.8%, compared to gross profit of $736.6 million (28.5% of net sales) for the three months ended June 29, 2019. As a percentage of net sales, gross profit decreased 1045 basis points. The decrease in gross profit dollars was primarily attributable to the unfavorable net impact of lower volumes of approximately $165 million, costs due to reducing production of approximately $96 million, higher restructuring, acquisition and integration-related costs of approximately $62 million, the unfavorable net impact of price and product mix of approximately $29 million, productivity loss of approximately $25 million and the unfavorable net impact from foreign exchange rates of approximately $8 million, partially offset by lower inflation of approximately $18 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended June 27, 2020 were $430.9 million (21.0% of net sales), a decrease of $38.9 million compared to $469.8 million (18.2% of net sales) for the three months ended June 29, 2019. As a percentage of net sales, selling, general and administrative expenses increased 285 basis points. The decrease in selling, general and administrative expenses in dollars was primarily attributable to productivity gains of $53 million, and the favorable net impact from foreign exchange rates of approximately $7 million, partially offset by the higher restructuring, acquisition and integration-related costs of approximately $24 million.

Operating income (loss)

As previously discussed, our operations for the second quarter were negatively impacted by disruptions from the COVID-19 pandemic resulting in decreased demand and increased costs associated with short-term reductions in manufacturing output. Operating loss for the three months ended June 27, 2020 was $61.0 million (3.0% of net sales) reflecting a decrease of $327.9 million, or 122.9%, compared to operating income of $266.9 million (10.3% of net sales) for the three months ended June 29, 2019. The decrease in operating income was primarily attributable to the unfavorable net impact due to lower volumes of approximately $157 million, costs due to reducing production of approximately $96 million, higher restructuring, acquisition and integration-related costs of approximately $87 million, and the unfavorable net impact of price and product mix of approximately $30 million, partially offset by approximately $28 million of productivity gains and lower inflation of approximately $18 million.

Global Ceramic segment—Operating loss was $33.8 million (4.5% of segment net sales) for the three months ended June 27, 2020 reflecting a decrease of $150.8 million compared to operating income of $117.0 million (12.2% of segment net sales) for the three months ended June 29, 2019. The decrease in operating income was primarily attributable to the unfavorable net impact of lower volumes of approximately $60 million, costs due to reducing production of approximately $58 million, higher restructuring, acquisition and integration-related costs of approximately $37 million and the unfavorable net impact of price and product mix of approximately $18 million, partially offset by productivity gains of approximately $21 million.

Flooring NA segment—Operating loss was $45.5 million (5.7% of segment net sales) for the three months ended June 27, 2020 reflecting a decrease of $107.5 million compared to operating income of $62.0 million (6.3% of segment net sales) for the three months ended June 29, 2019. The decrease in operating income was primarily attributable to the unfavorable net impact of lower volumes of approximately $53 million, costs due to reducing production of approximately $26 million, higher restructuring, acquisition and integration-related costs of approximately $25 million and productivity loss of approximately $8 million, partially offset by lower inflation of approximately $10 million.

Flooring ROW segment—Operating income was $29.5 million (5.9% of segment net sales) for the three months ended June 27, 2020 reflecting a decrease of $70.6 million compared to operating income of $100.1 million (15.6% of segment net sales) for the three months ended June 29, 2019. The decrease in operating income was primarily attributable to unfavorable net impact of lower volumes of approximately $44 million, higher restructuring, acquisition and integration-related costs of approximately $24 million, costs due to reducing production of approximately $12 million and the unfavorable net impact of price and product mix of approximately $7 million, partially offset by approximately $13 million of productivity gains and lower inflation of approximately $8 million.

Interest expense

Interest expense was $13.0 million for the three months ended June 27, 2020, reflecting an increase of $2.5 million compared to interest expense of $10.5 million for the three months ended June 29, 2019. The increase in interest expense was primarily due to increased borrowings.

Other expense (income), net

Other expense, net was $1.0 million for the three months ended June 27, 2020, reflecting an unfavorable change of $4.0 million compared to other income, net of $3.0 million for the three months ended June 29, 2019. The change was primarily attributable to an impairment charge of $3.6 million related to the Company's net investment in a joint venture in Brazil, partially offset by foreign exchange rates on transactions in the current quarter.

Income tax expense (benefit)

For the three months ended June 27, 2020, the Company is now able to reasonably estimate its annual effective rate because it has six months of actual pre-tax income, therefore the Company has recorded taxes using this approach. For the three months ended June 27, 2020, the Company recorded an income tax benefit of $26.4 million on losses before income taxes of $75.0 million, for an effective tax rate of 35.2%, as compared to an income tax expense of $56.7 million on earnings before income taxes of $259.4 million, for an effective tax rate of 21.9% for the three months ended June 29, 2019. The difference in the effective tax rates for the comparative periods was caused by the geographical dispersion of profits and losses and the impact of COVID-19 in Q2 2020.

Six Months Ended June 27, 2020, as compared with Six Months Ended June 29, 2019

Net sales

Our global sales were affected by broader economic issues related to the COVID-19 pandemic resulting in decreased demand during the period. Net sales for the six months ended June 27, 2020 were $4,335.6 million, reflecting a decrease of $691.4 million, or 13.8%, from the $5,027.0 million reported for the six months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $540 million, unfavorable net impact of price and product mix of approximately $77 million and the unfavorable net impact from foreign exchange rates of approximately $75 million.

Global Ceramic segment—Net sales decreased $254.6 million, or 13.7%, to $1,601.8 million for the six months ended June 27, 2020, compared to $1,856.4 million for the six months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $201 million, the unfavorable net impact from foreign exchange rates of approximately $37 million, and unfavorable net impact of price and product mix of approximately $17 million.

Flooring NA segment—Net sales decreased $257.0 million, or 13.5%, to $1,648.4 million for the six months ended June 27, 2020, compared to $1,905.4 million for the six months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $222 million and the unfavorable net impact of price and product mix of approximately $35 million.

Flooring ROW segment—Net sales decreased $179.8 million, or 14.2%, to $1,085.4 million for the six months ended June 27, 2020, compared to $1,265.2 million for the six months ended June 29, 2019. The decrease was primarily attributable to lower volumes of approximately $116 million, the unfavorable net impact from foreign exchange rates of approximately $38 million, and unfavorable net impact of price and product mix of approximately $26 million.

Gross profit

The Company experienced increased costs associated with short-term reductions in manufacturing output in addition to decreased demand as result of the disruptions caused by the COVID-19 pandemic. Gross profit for the six months ended June 27, 2020 was $986.4 million (22.8% of net sales), a decrease of $375.1 million or 27.5%, compared to gross profit of $1,361.5 million (27.1% of net sales) for the six months ended June 29, 2019. As a percentage of net sales, gross profit decreased 433 basis points. The decrease in gross profit dollars was primarily attributable to the unfavorable net impact of lower volumes of approximately $196 million, costs due to reducing production of approximately $121 million, the unfavorable net impact of price and product mix of approximately $58 million, and higher restructuring, acquisition and integration-related costs of approximately $35 million, partially offset by lower inflation of approximately $30 million and productivity gains of approximately $13 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended June 27, 2020 were $895.9 million (20.7% of net sales), a decrease of $33.5 million compared to $929.4 million (18.5% of net sales) for the six months ended June 29, 2019. As a percentage of net sales, selling, general and administrative expenses increased 218 basis points. The decrease in selling, general and administrative expenses in dollars was primarily attributable to productivity gains of $51 million, the favorable net impact from foreign exchange rates of approximately $13 million, and approximately $6 million of lower startup costs, partially offset by the higher restructuring, acquisition and integration-related costs of approximately $22 million and approximately $13 million of costs associated with investments in new product development, sales personnel and marketing.

Operating income (loss)

As previously discussed, our operations for the period were negatively impacted by disruptions from the COVID-19 pandemic resulting in decreased demand and increased costs associated with short-term reductions in manufacturing output. Operating income for the six months ended June 27, 2020 was $90.5 million (2.1% of net sales) reflecting a decrease of $341.7 million, or 79.1%, compared to operating income of $432.2 million (8.6% of net sales) for the six months ended June 29, 2019. The decrease in operating income was primarily attributable to the unfavorable net impact due to lower volumes of approximately $190 million, costs due to reducing production of approximately $121 million, the unfavorable net impact of price and product mix of approximately $58 million, higher restructuring, acquisition and integration-related costs of approximately $57 million, and approximately $13 million of costs associated with investments in new product development, sales personnel and marketing, partially offset by productivity gains of $64 million, lower inflation of approximately $30 million and approximately $13 million of lower startup costs.

Global Ceramic segment—Operating income was $14.2 million (0.9% of segment net sales) for the six months ended June 27, 2020 reflecting a decrease of $186.1 million compared to operating income of $200.3 million (10.8% of segment net sales) for the six months ended June 29, 2019. The decrease in operating income was primarily attributable to costs due to reducing production of approximately $73 million, the unfavorable net impact of lower volumes of approximately $71 million, higher restructuring, acquisition and integration-related costs of approximately $31 million, and the unfavorable net impact of price and product mix of approximately $28 million, partially offset by productivity gains of approximately $25 million.

Flooring NA segment—Operating loss was $9.3 million (0.6% of segment net sales) for the six months ended June 27, 2020 reflecting a decrease of $74.5 million compared to operating income of $65.2 million (3.4% of segment net sales) for the six months ended June 29, 2019. The decrease in operating income was primarily attributable to the unfavorable net impact of lower volumes of approximately $72 million, costs due to reducing production of approximately $32 million and the unfavorable net impact of price and product mix of approximately $10 million, partially offset by lower inflation of approximately $18 million, and productivity gains of approximately $21 million.

Flooring ROW segment—Operating income was $105.3 million (9.7% of segment net sales) for the six months ended June 27, 2020 reflecting a decrease of $83.8 million compared to operating income of $189.1 million (14.9% of segment net sales) for the six months ended June 29, 2019. The decrease in operating income was primarily attributable to unfavorable net impact of lower volumes of approximately $47 million, higher restructuring, acquisition and integration-related costs of approximately $23 million, the unfavorable net impact of price and product mix of approximately $20 million, costs due to reducing production of approximately $16 million, and approximately $13 million of costs associated with investments in new product development, sales personnel and marketing, partially offset by lower inflation of approximately $17 million, and productivity gains of approximately $16 million.

Interest expense

Interest expense was $21.6 million for the six months ended June 27, 2020, reflecting an increase of $0.6 million compared to interest expense of $21.0 million for the six months ended June 29, 2019. The increase in interest expense was primarily due to increased borrowings.

Other expense (income), net

Other expense, net was $6.7 million for the six months ended June 27, 2020, reflecting an unfavorable change of $13.5 million compared to other income, net of $6.8 million for the six months ended June 29, 2019. The change was primarily attributable to an impairment charge of $3.6 million related to the Company's net investment in a joint venture in Brazil and foreign exchange rates on transactions in the current year.

Income tax expense

For the six months ended June 27, 2020, the Company recorded income tax expense of $0.3 million on earnings before income taxes of $62.2 million for an effective tax rate of less than 1%, as compared to an income tax expense of $93.8 million on earnings before income taxes of $418.0 million, for an effective tax rate of 22.4% for the six months ended June 29, 2019. The difference in the effective tax rates for the comparative periods was caused by the geographical dispersion of profits and losses and the impact of COVID-19 in 2020.

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.

Management has and will continue to evaluate its liquidity needs and strategy regarding capital resources as the economic crisis caused by the COVID-19 pandemic evolves. As discussed below, the Company recently issued $500.0 million of 3.625% senior notes, and a subsidiary of the Company issued €500.0 of 1.750% senior notes, with ten and seven-year terms, respectively. Due to reduced short-term demand, the Company has reduced production capacity and reduced headcount through furloughs and layoffs. Management believes these actions along with cash secured from increased borrowing will allow the Company to meet any needs stemming from short-term reductions in cash flows from operations.

Net cash provided by operating activities in the first six months of 2020 was $763.5 million, compared to net cash provided by operating activities of $566.3 million in the first six months of 2019. The increase of $197.2 million in 2020 was primarily attributable to changes in working capital partially offset by lower net earnings.

Net cash used in investing activities in the first six months of 2020 was $210.5 million compared to net cash used in investing activities of $353.9 million in the first six months of 2019. The decrease was primarily due to reduced capital expenditures of $84.8 million and a decrease in acquisition costs of $76.8 million. In an effort to manage liquidity during the COVID-19 crisis, management is reducing near-term capital expenditures and expects to reduce its spend for the remainder of 2020.

Net cash provided by financing activities in the first six months of 2020 was $63.0 million compared to net cash used in financing activities of $205.4 million in the six months of 2019. The cash provided by financing activities is primarily attributable to the proceeds from the Senior Notes of $735.3 million (net of repayments of $326.9 million), the net pay down on commercial paper of $408.8 million and share repurchases of $59.7 million. Additionally, on April 15, 2020, the Company borrowed $500.0 million on the Term Loan Facility, which was repaid on May 15, 2020.

As of June 27, 2020, the Company had cash of $737.7 million, of which $324.7 million was held outside the United States. The Company plans to permanently reinvest the cash held outside the United States. The Company believes that its cash and cash equivalents on hand, cash generated from operations and availability under its existing credit facilities will be sufficient to meet its capital expenditure, working capital and debt servicing requirements over at least the next twelve months. The Company is continually evaluating its projected needs in light of the current crisis and the Company may conduct additional debt financings, subject to market conditions, to increase its liquidity and to take advantage of attractive financing opportunities.

On October 25, 2018, the Company announced that its Board of Directors approved a new share repurchase program, authorizing the Company to repurchase up to $500 million of its common stock. The share repurchase program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the Company's discretion. The timing and amount of any purchases of common stock will be based on the Company's liquidity, general business and market conditions and other factors, including alternative investment opportunities. The Company has purchased an aggregate of $442.9 million under the program through the first quarter of 2020 before deciding to put future purchases on hold until the economic environment improves.

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.

Senior Credit Facility

On October 18, 2019, the Company amended and restated its $1,800.0 million senior credit facility, extending the maturity from March 26, 2022 to October 18, 2024 (as amended and restated, the "Senior Credit Facility"). The Senior Credit Facility marginally reduced the commitment fee and modified certain negative covenants to provide the Company with additional flexibility, including flexibility to make acquisitions and incur additional indebtedness. The restatement also renewed the Company's option to extend the maturity of the Senior Credit Facility up to two times for an additional one-year period each.

At the Company's election, revolving loans under the 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% (1.125% as of June 27, 2020), or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, or the Eurocurrency Rate (as defined in the Senior Credit Facility) rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75% (0.125% as of June 27, 2020). The Company also pays a commitment fee to the lenders under the Senior Credit Facility on the average amount by which the aggregate commitments of the lenders exceed utilization of the Senior Credit Facility ranging from 0.09% to 0.20% per annum (0.11% as of June 27, 2020). The applicable margins 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 Senior Credit Facility are unsecured.

The Senior Credit Facility includes certain affirmative and negative covenants that impose restrictions on the Company's financial and business operations, including limitations on liens, subsidiary indebtedness, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, future negative pledges, and changes in the nature of the Company's business. The limitations contain customary exceptions or, in certain cases, do not apply as long as the Company is in compliance with the financial ratio requirements and is not otherwise in default. The Senior Credit Facility originally required the Company to maintain a Consolidated Interest Coverage Ratio of at least 3.00 to 1.00 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.00, each as of the last day of any fiscal quarter. However, on May 7, 2020 the Company amended the Senior Credit Facility to temporarily increase the minimum Consolidated Net Leverage Ratio to 4.75 to 1.00 and to increase the amount of certain adjustments to Net Income that are permitted to calculate the ratio. The relief provided by the amendment will be in effect for the fiscal quarters ending on September 26, 2020 through (and including) the fiscal quarter ending December 31, 2021.

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

In 2019, the Company paid financing costs of $2.3 million in connection with the amendment and restatement of its Senior Credit Facility. These costs were deferred and, along with previously unamortized costs of $3.4 million are being amortized over the term of the Senior Credit Facility.

As of June 27, 2020, amounts utilized under the Senior Credit Facility included zero borrowings and $22.8 million of standby letters of credit related to various insurance contracts and foreign vendor commitments. The outstanding borrowings of $129.6 million under the Company's U.S. and European commercial paper programs as of June 27, 2020 reduce the availability of the Senior Credit Facility. Including commercial paper borrowings, the Company has utilized $152.4 million under the Senior Credit Facility resulting in a total of $1,647.6 million available as of June 27, 2020.

Commercial Paper

On February 28, 2014 and July 31, 2015, the Company established programs for the issuance of unsecured commercial paper in the United States and Eurozone capital markets, respectively. Commercial paper issued under the U.S. and European programs will have maturities ranging up to 397 and 183 days, respectively. None of the commercial paper notes may be voluntarily prepaid or redeemed by the Company and all rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness. To the extent that the Company issues European commercial paper notes through a subsidiary of the Company, the notes will be fully and unconditionally guaranteed by the Company.

The Company uses its Senior Credit Facility as a liquidity backstop for its commercial paper programs. Accordingly, the total amount outstanding under all of the Company's commercial paper programs may not exceed $1,800.0 million (less any amounts drawn on the Senior Credit Facility) at any time.

The proceeds from the issuance of commercial paper notes will be available for general corporate purposes. As of June 27, 2020, there was $56.7 million outstanding under the U.S. commercial paper program, and the euro equivalent of $72.9 million under the European program. The weighted-average interest rate and maturity period for the U.S. program were 0.41% and 30 days, respectively. The weighted-average interest rate and maturity period for the European program were 0.27% and 7.9 days, respectively. The COVID-19 crisis has recently impacted the commercial paper markets, both in the US and Europe, resulting in volatility in relation to supply and pricing. As stated previously, the Company's commercial paper programs are backstopped by the Senior Credit Facility, which allows the Company to mitigate market disruptions using direct borrowings from the Senior Credit Facility.

Senior Notes

On June 12, 2020, Mohawk Finance completed the issuance and sale of €500.0 aggregate principal amount of 1.750% Senior Notes ("1.750% Senior Notes") due June 12, 2027. The 1.750% Senior Notes are senior unsecured obligations of Mohawk Finance and rank pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 1.750% Senior Notes are fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. Interest on the 1.750% Senior Notes is payable annually in cash on June 12 of each year, commencing on June 12, 2021. The Company paid financing costs of $4.9 million in connection with the 1.750% Senior Notes. These costs were deferred and are being amortized over the term of the 1.750% Senior Notes.

On May 14, 2020, the Company completed the issuance and sale of $500 aggregate principal amount of 3.625% Senior Notes ("3.625% Senior Notes") due May 15, 2030. The 3.625% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company's existing and future unsecured indebtedness. Interest on the 3.625% Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 2020. The Company paid financing costs of $5.6 million in connection with the 3.625% Senior Notes. These costs were deferred and are being amortized over the term of the 3.625% Senior Notes.

On September 4, 2019, Mohawk Finance completed the issuance and sale of €300.0 million aggregate principal amount of its Floating Rate Notes due September 4, 2021 ("2021 Floating Rate Notes"). The 2021 Floating Rate Notes are senior unsecured obligations of Mohawk Finance and rank pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 2021 Floating Rate Notes are fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bear interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.2% (but in no event shall the interest rate be less than zero). Interest on the 2021 Floating Rate Notes is payable quarterly on December 4, March 4, June 4, and September 4 of each year. Mohawk Finance received an issuance premium of €0.7 million and paid financing cost of $0.8 million in connection with the 2021 Floating Rate Notes. The issuance premium and financing costs have been deferred and are being amortized over the term of the 2021 Floating Rate Notes.

On May 18, 2018, Mohawk Finance completed the issuance and sale of €300.0 million aggregate principal amount of its Floating Rate Notes due May 18, 2020 ("2020 Floating Rate Notes"). The 2020 Floating Rate Notes were senior unsecured obligations of Mohawk Finance and ranked pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 2020 Floating Rate Notes were fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bore interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.3% (but in no event would the interest rate be less than zero). Interest on the 2020 Floating Rate Notes is payable quarterly on August 18, November 18, February 18, and May 18 of each year. Mohawk Finance paid financing costs of $0.9 million in connection with the 2020 Floating Rate Notes. These costs were deferred and amortized over the term of the 2020 Floating Rate Notes. On May 18, 2020, the Company paid the remaining €300.0 outstanding principal of the 2020 Floating Rate Notes utilizing cash on hand and borrowings under its commercial paper programs.

On September 11, 2017, Mohawk Finance completed the issuance and sale of €300.0 million aggregate principal amount of its Floating Rate Notes due September 11, 2019 ("2019 Floating Rate Notes"). The 2019 Floating Rate Notes were senior unsecured obligations of Mohawk Finance and ranked pari passu with all of Mohawk Finance's other existing and future senior unsecured indebtedness. The 2019 Floating Rate Notes were fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. These notes bore interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 0.3% (but in no event would the interest rate be less than zero). Interest on the 2019 Floating Rate Notes was payable quarterly on September 11, December 11, March 11, and June 11 of each year. Mohawk Finance paid financing costs of $0.9 million in connection with the 2019 Floating Rate Notes. These costs were deferred and amortized over the term of the 2019 Floating Rate Notes. On September 11, 2019, the Company paid the remaining €300.0 million outstanding principal of the 2019 Floating Rate Notes utilizing cash on hand and borrowings under its European commercial paper program.

On June 9, 2015, the Company issued €500.0 million aggregate principal amount of 2.00% Senior Notes due January 14, 2022 (“2.00% Senior Notes”). The 2.00% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company’s existing and future unsecured indebtedness. Interest on the 2.00% Senior Notes is payable annually in cash on January 14 of each year, commencing on January 14, 2016. The Company paid financing costs of $4.2 million in connection with the 2.00% Senior Notes. These costs were deferred and are being amortized over the term of the 2.00% Senior Notes.

On January 31, 2013, the Company issued $600.0 million aggregate principal amount of 3.85% Senior Notes due February 1, 2023 (“3.85% Senior Notes”). The 3.85% Senior Notes are senior unsecured obligations of the Company and rank pari passu with all of the Company’s existing and future unsecured indebtedness. Interest on the 3.85% Senior Notes is payable semi-annually in cash on February 1 and August 1 of each year. 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.

As defined in the related agreements, the Company’s senior notes contain covenants, representations and warranties and events of default, subject to exceptions, and restrictions on the Company’s financial and business operations, including limitations on liens, restrictions on entering into sale and leaseback transactions, fundamental changes, and a provision allowing the holder of the notes to require repayment upon a change of control triggering event.

Term Loan

On April 7, 2020, the Company entered into a credit agreement that provided for a $500.0 million delayed draw term loan facility (the “Term Loan Facility”). On April 15, 2020, the Company borrowed the full amount on the Term Loan Facility, the proceeds of which could be used for funding working capital and general corporate purposes of the Company. The principal amount of the Term Loan Facility was to be repaid in a single installment on April 6, 2021. The Company could prepay all or a portion of the Term Loan Facility from time to time, plus accrued and unpaid interest. The obligations of the Company and its subsidiaries in respect of the Term Loan Facility were unsecured. The Term Loan Facility was subject to the same affirmative and negative covenants that are applicable to the Senior Credit Facility. The Company paid financing costs of $1.1 million in connection with the Term Loan. On May 15, 2020, the Company prepaid the entire outstanding balance on the Term Loan Facility utilizing cash on hand and proceeds from the 3.625% Senior Notes and associated financing costs were written off in the quarter ending June 27, 2020.

Contractual Obligations

There have been no significant changes to the Company's contractual obligations as disclosed in the Company's 2019 Annual Report filed on Form 10-K except as described herein.

	Total	2020	2021	2022	2023	2024	Thereafter
Contractual obligations and commitments:							
Long-term debt, including current maturities	$ 1,061.0	—	—	—	—	—	1,061.0
Total	$ 1,061.0	—	—	—	—	—	1,061.0

Critical Accounting Policies and Estimates

Refer to Note 1 - General, and Note 5 - Receivables, net within our Condensed Consolidated Financial Statements of this Form 10-Q for a discussion of the Company's updated accounting policies on *Measurement of Credit Losses on Financial Instruments*. The Company's critical accounting policies and estimates are described in its 2019 Annual Report filed on Form 10-K.

Goodwill and intangible assets

Mohawk performs its annual testing of goodwill and indefinite lived intangibles in the fourth quarter of each year and no impairment was indicated for 2019. In 2019 the Company also concluded that in general, a decline in estimated after tax cash flows greater than approximately 19% to 39% or an increase of approximately 15% to 45% in WACC or a significant or prolonged decline in market capitalization could result in an additional indication of impairment.

As a result of the recent economic impact from COVID-19, the Company performed a qualitative assessment of whether the fair value of any of its reporting units or indefinite-lived intangible assets was more likely than not less than its carrying amount at March 28, 2020. The Company concluded neither goodwill nor any of its indefinite-lived intangible assets were impaired at March 28, 2020. There were no factors or changes in circumstances to indicate a change to this assessment was required during the three months ended June 27, 2020. However, while we have concluded that neither goodwill nor any of its indefinite-lived intangible assets were impaired during the quarter ended June 27, 2020, a prolonged pandemic could impact the Company's assumptions utilized in the determination of the estimated fair values of the Company's reporting units and indefinite-lived intangible assets significantly enough to trigger an impairment. Hence, the Company continues to monitor the economic impact of COVID-19 and may be required to reassess impairment of goodwill or indefinite-lived intangible assets in future interim periods.

Recent Accounting Pronouncements

See Note 1 in the Notes to Condensed Consolidated Financial Statements of this Form 10-Q under the heading "*Recent Accounting Pronouncements*" for a discussion of new accounting pronouncements which is incorporated herein by reference.

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.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements as of June 27, 2020.

Seasonality

The Company is a calendar year-end company. With respect to its Global Ceramic segment, net sales and operating income are typically higher in the second quarter, followed by the third and first quarters and a weaker fourth quarter. The Flooring NA segment's second quarter typically produces the highest net sales followed by moderate third and fourth quarters, and a weaker first quarter. However, for the operating income, the third quarter typically shows stronger earnings, followed by second and fourth quarters, and the first quarter shows weaker earnings. The Flooring ROW segment's fourth quarter historically produces the highest net sales followed by moderate second and third quarters, and a weaker first quarter. However, for the operating income, generally, the second quarter shows the stronger earnings, followed by third and first quarters, and the fourth quarter shows weaker earnings.

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 and deflation in raw material prices and other input costs; inflation and deflation in consumer markets; energy costs and supply; timing and level of capital expenditures; timing and implementation of price increases for the Company's products; impairment charges; ability to identify attractive acquisition targets; ability to successfully complete and integrate acquisitions; international operations; changes in foreign exchange rates; introduction of new products; rationalization of operations; tax, product and other claims; litigation; the risks and uncertainty related to the COVID-19 pandemic; and other risks identified in Item 1A "Risk Factors" in the Company's 2019 Annual Report on Form 10-K and Part II, Item 1A "Risk Factors" in the Company's quarterly report on Form 10-Q for the period ended March 28, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of June 27, 2020, approximately 83% of the Company’s debt portfolio was comprised of fixed-rate debt and 17% was floating-rate debt. A 1.0 percentage point increase in the interest rate of the floating-rate debt would have resulted in an increase in interest expense of $1.2 million and $2.3 million for the three and six months ended June 27, 2020.

There have been no significant changes to the Company’s exposure to market risk as disclosed in the Company’s 2019 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.

There were no changes in the Company’s internal control over financial reporting that occurred during the period covered by this report that materially affected, or are 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.

Perfluorinated Compounds (“PFCs”) Litigation

In September 2016, the Water Works and Sewer Board of the City of Gadsden, Alabama (the “Gadsden Water Board”) filed an individual complaint in the Circuit Court of Etowah County, Alabama against certain manufacturers, suppliers, and users of chemicals containing specific PFCs, including the Company. In May 2017, the Water Works and Sewer Board of the Town of Centre, Alabama (the “Centre Water Board”) filed a similar complaint in the Circuit Court of Cherokee County, Alabama. The Gadsden Water Board and the Centre Water Board both seek monetary damages and injunctive relief claiming that their water supplies contain excessive amounts of PFCs. Certain defendants, including the Company, filed dispositive motions in each case arguing that the Alabama state courts lack personal jurisdiction over them. These motions were denied. In June and September 2018, certain defendants, including the Company, petitioned the Alabama Supreme Court for Writs of Mandamus directing each lower court to enter an order granting the defendants’ dispositive motions on personal jurisdiction grounds. The Alabama Supreme Court denied the petitions on December 20, 2019. Certain defendants, including the Company, filed an Application for Rehearing with the Alabama Supreme Court asking the Court to reconsider its December 2019 decision. The Alabama Supreme Court denied the application for rehearing.

In December 2019, the City of Rome, Georgia (“Rome”) filed a complaint in the Superior Court of Floyd County, Georgia that is similar to the Gadsden Water Board and Centre Water Board complaints, again seeking monetary damages and injunctive relief related to PFCs. Also in December 2019, Jarrod Johnson filed a putative class action in the Superior Court of Floyd County, Georgia purporting to represent all water subscribers with the Rome (Georgia) Water and Sewer Division and/or the Floyd County (Georgia) Water Department and seeking to recover, among other things, damages in the form of alleged increased rates and surcharges incurred by ratepayers for the costs associated with eliminating certain PFCs from their drinking water. In January 2020, defendant 3M Company removed the class action to federal court. The Company has filed motions to dismiss in both of these cases.

The Company denies all liability in these matters and intends to defend them vigorously.

Putative Securities Class Action

On January 3, 2020, the Company and certain of its executive officers were named as defendants in a putative shareholder class action lawsuit filed in the United States District Court for the Northern District of Georgia (the "Securities Class Action"). The complaint alleges that defendants violated the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making materially false and misleading statements and that the officers are control persons under Section 20(a) of the Securities Exchange Act of 1934. The complaint is filed on behalf of shareholders who purchased shares of the Company’s common stock between April 28, 2017 and July 25, 2019 (“Class Period”). On June 29, 2020, an amended complaint was filed in the Securities Class Action against Mohawk and its CEO Jeff Lorberbaum, based on the same claims and the same Class Period. The amended complaint alleges that the Company (1) engaged in fabricating revenues by attempting delivery to customers that were closed and recognizing these attempts as sales; (2) overproduced product to report higher operating margins and maintained significant inventory that was not salable; and (3) valued certain inventory improperly or improperly delivered inventory with knowledge that it was defective and customers would return it. The Company intends to vigorously defend against the claims.

Government Subpoenas

On June 25, 2020, the Company received subpoenas issued by the U.S. Attorney's Office for the Northern District of Georgia and the U.S. Securities and Exchange Commission on topics similar to those raised by the amended complaint in the Securities Class Action (the "Government Subpoenas"). Following the receipt of the Government Subpoenas and the amended complaint in the Securities Class Action, the Audit Committee of the Board of Directors (the "Audit Committee"), began an internal investigation into the matter. As of August 4, 2020, the Audit Committee, assisted by outside legal counsel and forensic accountants, has substantially completed its investigation. The Company has been responsive to the ongoing subpoenas and other document requests and will continue to cooperate fully with the governmental inquiries.

Delaware State Court Action

The Company and certain of its present and former executive officers were named as defendants in a putative state securities class action lawsuit filed in the Superior Court of the State of Delaware on January 30, 2020. The complaint alleges that defendants violated Sections 11 and 12 of the Securities Act of 1933. The complaint is filed on behalf of shareholders who purchased shares of the Company's common stock in Mohawk Industries Retirement Plan 1 and Mohawk Industries Retirement Plan 2 between April 27, 2017 and July 25, 2019. On March 27, 2020, the Court granted a temporary stay of the litigation pending the earlier of either the close of fact discovery or the deadline to appeal the dismissal of the related Securities Class Action pending in the United States District Court for the Northern District of Georgia. The stay may be lifted according to the terms set forth in the Court's Order to Stay Litigation. The Company intends to vigorously defend against the claims.

Derivative Action

The Company and certain of its executive officers and directors were named as defendants in a derivative action filed in the United States District Court for the Northern District of Georgia on May 18, 2020. The complaint alleges that defendants breached their fiduciary duties to the Company by causing the Company to issue materially false and misleading statements. The complaint is filed on behalf of the Company and seeks to remedy fiduciary duty breaches occurring from April 28, 2017 – July 25, 2019. On July 20, 2020, the Court granted a temporary stay of the litigation pending the earlier of either the Securities Class Action defendants filing an answer to the operative complaint or the deadline to appeal the dismissal of the Securities Class Action. The stay may be lifted according to the terms set forth in the Court's Order to Stay Litigation. The Company intends to vigorously defend against the claims.

Belgian Tax Matter

Between 2012 and 2014, the Company received assessments from the Belgian tax authority for the calendar years 2005 through 2010 in the amounts of €46.1 million, €38.8 million, €39.6 million, €30.1 million, €35.6 million and €43.1 million, respectively, including penalties, but excluding interest. The Belgian tax authority denied the Company's formal protests against these assessments and the Company brought all six years before the Court of First Appeal in Bruges. The Court of First Appeal in Bruges ruled in favor of the Company on January 27, 2016, with respect to the calendar years ending December 31, 2005 and December 31, 2009; and on June 13, 2018, the Court of First Appeal in Bruges ruled in favor of the Company with respect to the calendar years ending December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2010. The Belgian tax authority has lodged its Notification of Appeal for all six years with the Ghent Court of Appeal. On September 17, 2019, the company pled its case to the Ghent Court of Special (Tax) Appeals and on October 1, 2019, the Court ruled in favor of the Company, re-confirming the rulings of the Court of First Appeals in Bruges with respect to the calendar years ending December 31, 2005 and December 31, 2009. On March 12, 2020, the Belgian tax authority filed another revised assessment for the calendar year ending December 31, 2009, with the Ghent Court.

In March 2019, the Company received assessments from the Belgian tax authority for tax years 2011 through 2017 in the amount of €40.6 million, €39.7 million, €11.4 million, €23.9 million, €30.6 million, €93.1 million and €79.9 million respectively, including penalties, but excluding interest. The Company intends to file formal protests based on these assessments in a timely manner. The assessments are largely based on the same facts underlying the positive rulings, which the Belgian tax authority may appeal.

In January 2020, the Belgian tax authority canceled the tax assessments for the years ending December 31, 2011 through 2017, inclusively. On March 10, 2020, a new notice of change was received for the year ending December 31, 2016 against which the Company has filed a protest on April 10, 2020. The new notice applies a new theory retroactively but does not yet quantify the amount of any proposed assessment.

The Company continues to disagree with the views of the Belgian tax authority on all matters referenced above and will persist in its vigorous defense. Nevertheless, on May 24, 2016, the tax collector representing the Belgian tax authorities imposed a lien on the Company's properties in Wielsbeke (Ooigemstraat and Breestraat), Oostrozebeke (Ingelmunstersteenweg) and Desselgem (Waregemstraat) included in the Flooring ROW segment. The purpose of the lien is to provide security for payment should the Belgian tax authority prevail on its appeal. The lien does not interfere with the Company's operations at these properties.

General

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.

The Company is subject to various federal, state, local and foreign environmental health and safety laws and regulations, including those governing air emissions, wastewater discharges, the use, storage, treatment, recycling and disposal of solid and hazardous materials and finished product, and the cleanup of contamination associated therewith. Because of the nature of the Company's business, the Company has incurred, and will continue to incur, costs relating to compliance with such laws and regulations. The Company is involved in various proceedings relating to environmental matters and is currently engaged in environmental investigation, remediation and post-closure care programs at certain sites. The Company has provided accruals for such activities that it has determined to be both probable and reasonably estimable. The Company does not expect that the ultimate liability with respect to such activities 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, 2019, and Part II, Item 1A to our quarterly report on Form 10-Q for the period ended March 28, 2020. The risk factors disclosed in these reports, 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

On October 25, 2018, the Company announced that its Board of Directors approved a new share repurchase program authorizing the Company to repurchase up to $500 million in shares of its common stock. Under the share repurchase plan, the Company may purchase common stock in open market transactions, block or privately negotiated transactions, and may from time to time purchase shares pursuant to trading plans in accordance with Rules 10b5-1 or 10b-18 under the Exchange Act or by any combination of such methods. The number of shares to be purchased and the timing of the purchases are based on a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company’s stock and the availability of alternative investment opportunities. No time limit was set for completion of repurchases under the new authorization and the program may be suspended or discontinued at any time. The new program replaces any previously authorized share repurchase programs. The Company purchased an aggregate of $442.9 million under the program through the first quarter of 2020 before deciding to put future purchases on hold until the economic environment improves.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this quarterly report on Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits

No.	Description
4.1	Third Supplemental Indenture, dated as of May 14, 2020, by and between Mohawk Industries, Inc. and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.2 of the Company’s Current Report on Form 8-K filed on May 18, 2020.)
4.2	Form of 3.625% Senior Notes due 2030. (Incorporated by reference to Exhibit 4.3 of the Company’s Current Report on Form 8-K filed on May 18, 2020.)
4.3	Fourth Supplemental Indenture, dated as of June 12, 2020, by and among Mohawk Capital Finance S.A., as issuer, Mohawk Industries, Inc., as parent guarantor, U.S. Bank National Association, as trustee, registrar and transfer agent and Elavon Financial Services DAC, as paying agent. (Incorporated by reference to Exhibit 4.2 of the Company’s Current Report on Form 8-K filed on June 12, 2020.)
4.4	Note for Senior Notes due 2027. (Incorporated by reference to Exhibit 4.3 of the Company’s Current Report on Form 8-K filed on June 12, 2020.)
10.1	Credit Agreement, dated as of April 7, 2020, by and among the Company, as borrower, certain of its domestic subsidiaries, as guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto. (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed on April 13, 2020.)
10.2	First Amendment to Credit Agreement, dated as of May 7, 2020, by and among the Company, the guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto. (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed on May 7, 2020.)
10.3	First Amendment to Second Amended and Restated Credit Agreement, dated as of April 7, 2020, by and among the Company and certain of its subsidiaries, as borrowers, Wells Fargo Bank, National Association, as administrative agent, swing line lender, and an L/C issuer, and the other lenders party thereto. (Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed on April 13, 2020.)
10.4	Second Amendment to Second Amended and Restated Credit Agreement, dated as of May 7, 2020, by and among the Company and certain of its subsidiaries, as borrowers, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto. (Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed on May 7, 2020.)
10.5	General Release and Separation Agreement, dated May 1, 2020, by and between Glenn Landau and Mohawk Industries, Inc.
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.
95.1	Mine Safety Disclosure pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act
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:	August 6, 2020	By:	/s/ Jeffrey S. Lorberbaum
			JEFFREY S. LORBERBAUM
			Chairman and Chief Executive Officer
			(principal executive officer)
Dated:	August 6, 2020	By:	/s/ Frank H. Boykin
			FRANK H. BOYKIN
			Chief Financial Officer
			(principal financial officer)

GENERAL RELEASE AND SEPARATION AGREEMENT

This General Release and Separation Agreement ("Agreement") is made this 30th of April, 2020 between Glenn Landau (the "Employee") and Mohawk Carpet, LLC, on behalf of itself, its subsidiaries, parents and affiliates ("Mohawk" or "the Company").

WHEREAS, Employee has been employed by Mohawk since March 18, 2019;

WHEREAS, during his employment, Employee was at all times an "executive employee" and a "key employee," as those terms are defined in O.C.G.A. 13-8-51, and participated Mohawk's world-wide leadership teams.

WHEREAS, Employee has had access to Mohawk's and its affiliates' confidential and proprietary information and trade secrets;

WHEREAS, Mohawk is terminating Employee's employment effective April 30, 2020 ("Separation Date"); and

WHEREAS, Mohawk is desirous of recognizing Employee's service to Mohawk and protecting its and its affiliates' legitimate business interests.

NOW, THEREFORE, in consideration of the payment to Employee in the sums described below, and other good and valuable consideration, and acknowledging that the above recitals are true and correct, Mohawk and Employee hereby agree as follows:

1. **Release.**

(a) Employee hereby knowingly and voluntarily releases and forever discharges Mohawk and each of Mohawk's parent corporations, affiliates, subsidiaries, successors, predecessors, assigns, agents, directors, officers, employees, representatives, attorneys and affiliates, and all persons acting by, through, under or in concert with any of them (collectively, the "Releasees"), of and from any and all claims, known and unknown, asserted and unasserted, which Employee has or may have against Releasees as of the date of execution of this Agreement, including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964;
- Sections 1981 through 1988 of Title 42 of the United States Code;
- The Family and Medical Leave Act ("FMLA");
- The Fair Labor Standards Act ("FLSA");
- The Equal Pay Act ("EPA");
- The Employee Retirement Income Security Act of 1974 ("ERISA");
- The Immigration Reform and Control Act;
- The Americans with Disabilities Act of 1990 ("ADA");
- The Age Discrimination in Employment Act of 1967 ("ADEA");
- The Worker Adjustment and Retraining Notification Act;
- The Fair Credit Reporting Act;

- Any other federal, state, or local law, rule, regulation, or ordinance;
- Any public policy, contract, tort, or common law; and/or
- Any basis for recovering costs, fees, or other expenses, including attorneys' fees incurred in these matters.

(b) This general release and waiver of claims excludes, and Employee does not waive, release or discharge: (i) any right to file an administrative charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any similar federal or state agency or commission, although, with the exception of the Securities and Exchange Commission, Employee waives any right to monetary relief related to such a charge or administrative complaint; (ii) claims which cannot be waived by law; and (iii) future claims.

(c) Employee acknowledges that he or she has received all of the leave from work for family and/or personal medical reasons and/or other benefits to which Employee believes he or she is entitled under the Company's policy and the Family and Medical Leave Act of 1993 ("FMLA"), as amended. Employee further acknowledges that the Company has not mistreated Employee in any way on account of any illness or injury to Employee or any member of his or her family. Employee further acknowledges that he or she has received all of the monetary compensation, including hourly wages, salary and/or overtime compensation, to which Employee believes he or she is entitled under the Fair Labor Standards Act ("FLSA"), as amended, and comparable state laws.

2. **Separation Payments and Continued Vesting.** In consideration for the execution and non-revocation of this Agreement and continued compliance with the promises in it:

a) Mohawk shall pay Employee an amount equal to $977,000.00, payable in three (3) payments, with the first such payment to be made on or about June 30, 2020, in the amount of $362,333.00, and two subsequent payments of $307,333.50 each, to be made on or about August 31, 2020 and November 30, 2020. These payments are subject to such deductions and withholdings as required by law or Mohawk policies.

b) Employee shall continue to vest in 1,878 Restricted Stock Units ("RSUs), with a grant date of April 1, 2019, and a vesting date of April 1, 2021, subject to the conditions in this Agreement. All other unvested stock grants will be forfeited as of the Separation Date.

c) If Employee breaches any of his obligations under this Agreement, any remaining payments under subsection 2(a) and unvested RSUs under subsection 2(b) shall be forfeited automatically without any further action on the part of Mohawk.

d) Mohawk agrees to provide Executive Outplacement Services through Challenger Gray & Christmas for participation in their C-Suite Program.

e) Employee acknowledges that the severance benefits described in this Section 2 and Section 3 exceed those which Employee would otherwise be entitled to receive, if any, upon Employee's termination of employment with the Company. In addition, in accordance with Mohawk's policy, Employee will be paid for any untaken, accrued PTO days earned in this current calendar year of 2020.

3. **Benefits Coverage.** Employee acknowledges that his or her coverage under Mohawk's employee benefit plans ceases as of the Separation Date. To assist Employee in continuing benefits under COBRA, Mohawk agrees to provide Employee with a one-time, lump sum payment of $22,121.00. Employee may exercise his or her rights under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") to continue such coverage by timely electing and making monthly payments for such coverage during the period for continuation of coverage specified therein. Notwithstanding the foregoing,

Employee acknowledges that Employee's coverage under Mohawk's short-term and long-term disability plans, the optional life insurance coverage for Employee and his or her dependents, and his or her contributions plus Mohawk's contributions to the 401K plan, if applicable, cease as of the Separation Date, and Employee will only be entitled to any continuation of those coverages under the terms and conditions applicable to those plans.

4. **Return of Company Property.** Employee agrees that as of the Separation Date, he or she will return to Mohawk all company property and "Confidential Information" in Employee's possession or control, including but not limited to, computers, phones, vehicles, business reports and records, client reports and records, customer information, contracts and proposals, files, telephone listings of customers, any other customer lists, internal memoranda concerning any of the above, and all credit and gas cards, cardkey passes, door and file keys, computer access codes, software, databases, and other physical or personal property which Employee received, prepared or helped prepare in connection with his or her employment with Mohawk; and Employee agrees he or she shall not make or retain any copies, duplicates, reproductions, or excerpts thereof. The term "Confidential Information" as used in this Agreement means (a) confidential information including, without limitation, information received from third parties under confidential conditions; (b) other technical, business, or financial information, the use or disclosure of which might reasonably be construed to be contrary to the interest of Mohawk and/or competitively compromising to Mohawk's business; and (c) customer lists, customer records, technical data, financial and personnel data, information regarding sales, costs, pricing, profits, operation techniques and procedures, service developments or improvements, processes, business and strategic plans, financial forecasts, sales and earnings information and trends, overhead and other costs, accounting information, banking and financing information, product and merchandising information, information concerning offered or proposed products or services, products or services specifications, performance characteristics, plans and development and delivery schedules, customer and supplier contact information, customer preference data, purchasing habits, sales history, pricing and rebate levels, contracts, computer hardware and software, research and development objectives.

5. **Confidential Information.** Employee acknowledges that in the course of his or her employment with Mohawk, Employee has acquired Confidential Information as defined above and that such Confidential Information has been disclosed to Employee in confidence and for Company use only. Employee agrees that he or she shall: (a) keep such Confidential Information confidential at all times after Employee's employment with Mohawk terminates; (b) not disclose or use Confidential Information on Employee's own behalf, or on behalf of any third party. In view of the nature of Employee's employment and the nature of the Confidential Information which Employee has received during the course of his or her employment, Employee agrees that any unauthorized disclosure to third parties of Confidential Information or other violation, or threatened violation, of this Agreement would cause irreparable damage to the trade secret status of Confidential Information and to Mohawk, and that, therefore, Mohawk shall be entitled to an injunction prohibiting Employee from any such disclosure, attempted disclosure, violation, or threatened violation.

6. **Covenants.** Employee acknowledges that in the course of his employment with Mohawk, in addition to the Confidential Information as defined above, Employee has been an executive employee in a key management role and that Mohawk invested significant time and expense in developing Confidential Information and goodwill. Employee further understands and acknowledges that the covenants below are also necessary to protect Mohawk's legitimate business interests in its trade secrets, Confidential Information, customer goodwill, and substantial relationships with existing customers and vendors of the Company. Employee further understands and acknowledges that Mohawk's ability to reserve these for the exclusive knowledge and use of Mohawk is of great competitive importance and commercial value to Mohawk and that Mohawk would be irreparably harmed if Employee violates the covenants herein and, therefore, Mohawk shall be entitled to an injunction prohibiting Employee from any such disclosure,

attempted disclosure, violation, or threatened violation; and further acknowledges that Mohawk would not provide the Separation Payments and Benefits Coverage as set forth in Sections 2 and 3 of this Agreement without his agreement to comply with the covenants contained in this Section 6.

(a) **Non-competition.** To protect the Trade Secrets, Confidential Information, customer relationships and goodwill of Mohawk, Employee agrees that, for twenty-four (24) months after Employee's employment ends, Employee will not, without the prior written permission of Mohawk, directly (including without limitation as a board member, officer or employee) or indirectly (including without limitation as an independent contractor, consultant, advisor, board member, agent, shareholder, investor, joint venturer or partner, or by assisting another company or individual), provide or perform any services similar to those Employee performed for Mohawk within two (2) years prior to termination for a Competitor anywhere Employee performed services for Mohawk, including without limitation North America. For purposes of this Agreement, a "Competitor" means a person, company, partnership or other entity engaged in manufacturing, sourcing, selling or distributing products or services similar to products offered by the Company, including without limitation distributors, suppliers and customers of Mohawk that operate in the same channels or segments in which Mohawk operates. Employee acknowledges and agrees that this provision will not keep Employee from acquiring or owning as a passive investor (with no involvement in the operations or management) of up to 2% of any class of securities which is issued by any Competitor and publicly traded on a national securities exchange or over-the-counter market.

(b) **Non-Solicitation of Employees.** Employee agrees that for a period of for twenty-four (24) months after Employee's employment ends, Employee will not, directly or indirectly, solicit, hire, recruit, attempt to hire or recruit, assist in recruiting or induce the termination of employment of any employee of Mohawk.

(c) **Notification.** Prior to accepting or commencing employment during the period of twenty-four (24) months after Employee's employment ends, whether directly (including without limitation as a board member, officer or employee) or indirectly (including without limitation as an independent contractor, consultant, advisor, board member, agent, shareholder, investor, joint venturer or partner, or by assisting another company or individual), Employee agrees to: (1) notify any prospective employer of the restrictive covenants section contained in this Agreement; and (2) notify Mohawk of the prospective employment and discuss whether the employment violates the noncompete or any other provision of this Agreement.

(d) **Irreparable Harm.** In the event of any breach or threatened breach of any of Sections 4, 5 6, 8 or 9 of this Agreement, Employee acknowledges and agrees that Mohawk would be irreparably harmed thereby and that any remedies at law would be inadequate. Accordingly, Employee agrees that in such event, Mohawk shall be entitled to immediate injunctive or other equitable relief to restrain or enjoin any such breach and such other monetary or equitable relief as deemed appropriate by the court. The parties expressly waive any requirement for a bond to be posted in conjunction with a request for a temporary, preliminary or permanent injunction.

(e) **Reasonable Restrictions.** Employee agrees that the time, geographic area, scope of prohibited activities and other limitations in Sections 5 and 6 are reasonable and properly required for the adequate protection of Mohawk's legitimate business interests including its Trade Secrets and Confidential Business Information; customer, client, and employee relationships and goodwill; customer and prospective customer and client relationships; employee training and development. If any provision of this Agreement is found unreasonable or overbroad by a court of competent jurisdiction, then Employee and Mohawk agree that the court shall modify such provision to make it reasonable and enforce it as modified as set forth below in Section 7.

7. **Severability and Modification.** In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby; provided, however, that in the event that a court determines, after construing the restrictive covenants in this Agreement to comport with the reasonable intent and expectations of the parties and in favor of providing reasonable protection to all legitimate business interests of Mohawk, that the restrictive covenants are overbroad as written in any respect, the parties agree that the Court shall exercise its discretion to modify the duration, scope, or area of the restrictive covenants, as appropriate, and shall enforce those covenants to the greatest extent possible to protect Mohawk and achieve the parties' intent as set forth in this Agreement.

8. **Cooperation.** In exchange for the Separation Payments and other good and valuable consideration set forth herein, Employee agrees to make him- or herself reasonably available to and to cooperate with Mohawk's representatives in connection with any actual or threatened litigation and/or administrative proceeding(s) in which Employee is or is potentially a witness. Employee further agrees to cooperate reasonably with any future internal company investigations and to provide, at Mohawk's request, truthful testimony at such time(s) and place(s) as may be mutually agreed upon by Employee and Mohawk; provided, however, that if Employee incurs costs reasonably associated with Employee's participation in such an investigation or testimony, Mohawk will reimburse reasonable costs upon Employee's timely submission of supporting documentation.

9. **Non-disparagement.** Employee agrees not to engage in any conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the Company, its affiliates, its present and former officers, directors, employees, representatives and agents, or the products or services they provide ("Disparaging Conduct"). Employee further agrees not to authorize or assist others to engage in Disparaging Conduct. Company agrees that it will not engage in any conduct that involves making written or oral statements about Employee that are disparaging or damaging to his reputation and integrity.

10. **Section 409A.** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, Mohawk makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall Mohawk be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

11. **Revocation.** This Agreement may be revoked by Employee or Mohawk at any time within seven (7) days after both parties have executed this Agreement (the "Revocation Period") by providing written notice of such revocation to the other party to the Agreement. This Agreement will not be effective

or enforceable, nor will any payment of the sums described above be paid by Mohawk to Employee, until the Revocation Period has expired.

12. **Consultation with an Attorney and Acknowledgment of Review.** Employee acknowledges that: (i) Mohawk has advised and hereby advises Employee to consult with an attorney prior to signing this Agreement; (ii) Employee has had sufficient opportunity to consult with an attorney if he or she chose to do so; (iii) Employee has been given up to twenty-one (21) days to decide whether or not to sign this Agreement; (iv) Employee has had sufficient time to read and consider this Agreement before signing it; and (v) Employee has carefully read this Agreement and understands its content and intent. Employee further acknowledges that he or she is signing this Agreement voluntarily, with a full understanding of its significance, and that he or she intends to be bound by its terms.

13. **Scope of Agreement.** This Agreement is the entire agreement between Mohawk and Employee as of its effective date. Any and all other prior agreements, either written or oral, or understandings that are not embodied in this Agreement are of no force or effect. Moreover, the terms of this Agreement may not be modified, except by written agreement signed by the party against whom enforcement is sought. All references to Employee in this agreement shall mean to include both genders, and their use shall be considered synonymous with the terms he and she.

14. **Governing Law.** The Parties agree that this Agreement shall be construed and governed by the laws in the State of Georgia.

15. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of Mohawk's successors and assigns, parents, subsidiaries, and affiliated entities and be enforceable by Mohawk's successors and assigns, parents, subsidiaries and affiliated companies without the need for any additional action by Employee. Employee hereby expressly agrees to the automatic assignment of this Agreement as well as its restrictive covenants to a successor or assign of Mohawk. Employee agrees that the restrictive covenants in this Agreement may be enforced by Mohawk as well as its affiliated entities, subsidiaries, successors and assigns. Employee may not assign any of his or her rights or obligations under this Agreement.

IN WITNESS WHEREOF, Employee has executed this Agreement on the date set forth below.

GLENN LANDAU	MOHAWK CARPET, LLC
Glenn R. Landau Signature	By: Phillip A Brown
April, 29, 2020	Title: Sr. V.P. HR
	May, 1, 2020

EXHIBIT 31.1

CERTIFICATIONS

I, Jeffrey S. Lorberbaum, certify that:

1 I have reviewed this Quarterly 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: August 6, 2020

/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 Quarterly 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: August 6, 2020

/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 Quarterly report of Mohawk Industries, Inc. (the "Company") on Form 10-Q for the period ended June 27, 2020 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

August 6, 2020

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 Quarterly report of Mohawk Industries, Inc. (the “Company”) on Form 10-Q for the period ended June 27, 2020 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

August 6, 2020

Mine Safety Disclosure

The following disclosures are provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the "Mine Act").

Mine Safety Information

Whenever the Federal Mine Safety and Health Administration ("MSHA") believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

The following table includes information required by the Act for the three months ended June 27, 2020.

Mine (Federal Mine Safety and Health Administration (MSHA) ID)	Total # of Significant & Substantial violations under §104(a)	Total # of orders under §104(b)	Total # of unwarrantable failure citations and orders under §104(d)	Total # of violations under §110(b)(2)	Total # of orders under §107(a)	Total dollar value of proposed assessments from MSHA ($ in thousands)	Total # of mining related fatalities	Received Notice of Pattern of Violations under §104(e) (yes/no)?	Received Notice of Potential to have Pattern under §104(e) (yes/no)?	Total # of Legal Actions Pending with the Mine Safety and Health Review Commission as of the Last Day of Period	Legal Actions Initiated or Resolved During Period
TP Claims 1&2/Rosa Blanca (4100867)	2	—	—	—	—	—	—	No	No	—	—
Allamore Mill (4100869)	2	—	—	—	—	—	—	No	No	—	—
Wild Horse Plant (4101527)	—	—	—	—	—	—	—	No	No	—	—