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

FORM 10-Q

[Mark One]

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 2, 2004

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
01-19826

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.)**

P. O. Box 12069, 160 S. Industrial Blvd., Calhoun, Georgia	**30701**
(Address of principal executive offices)	**(Zip Code)**

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [x] No [ ]

The number of shares outstanding of the issuer's classes of capital stock as of November 9, 2004, the latest practicable date, is as follows: 66,676,351 shares of Common Stock, $.01 par value.

MOHAWK INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

(In thousands)
(Unaudited)

	October 2, 2004	December 31, 2003
Current assets:		
Receivables	$ 718,006	573,500
Inventories	1,000,802	832,415
Prepaid expenses	40,993	43,043
Deferred income taxes	84,260	84,260
Total current assets	1,844,061	1,533,218
Property, plant and equipment, at cost	1,794,030	1,735,490
Less accumulated depreciation and amortization	895,206	816,405
Net property, plant and equipment	898,824	919,085
Goodwill	1,377,881	1,368,700
Other intangible assets	323,647	325,339
Other assets	14,757	17,233
	$ 4,459,170	4,163,575

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

(In thousands, except per share data)
(Unaudited)

	October 2, 2004	December 31, 2003
Current liabilities:		
Current portion of long-term debt	$ 207,315	302,968
Accounts payable and accrued expenses	779,080	637,940
Total current liabilities	986,395	940,908
Deferred income taxes	183,669	183,669
Long-term debt, less current portion	700,009	709,445
Other long-term liabilities	29,999	31,752
Total liabilities	1,900,072	1,865,774
Stockholders' equity:		
Preferred stock, $.01 par value; 60 shares authorized; no shares issued	-	-
Common stock, $.01 par value; 150,000 shares authorized; 77,378 and 77,050 shares issued in 2004 and 2003, respectively	774	770
Additional paid-in capital	1,052,079	1,035,733
Retained earnings	1,807,913	1,541,761
Accumulated other comprehensive (loss) income, net	(751)	2,313
	2,860,015	2,580,577
Less treasury stock at cost; 10,755 and 10,515	300,917	282,776
Total stockholders' equity	2,559,098	2,297,801
	$ 4,459,170	4,163,575

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	October 2, 2004	September 27, 2003
Net sales	$ 1,531,150	1,303,166
Cost of sales	1,104,340	938,280
Gross profit	426,810	364,886
Selling, general and administrative expenses	233,752	205,482
Operating income	193,058	159,404
Other expense (income):		
Interest expense	13,918	14,162
Other expense	3,706	1,800
Other income	(1,239)	(467)
	16,385	15,495
Earnings before income taxes	176,673	143,909
Income taxes	63,986	52,527
Net earnings	$ 112,687	91,382
Basic earnings per share	$ 1.69	1.38
Weighted-average common shares outstanding	66,669	66,260
Diluted earnings per share	$ 1.67	1.36
Weighted-average common and dilutive potential common shares outstanding	67,468	67,222

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)
(Unaudited)

	Nine Months Ended	
	October 2, 2004	September 27, 2003
Net sales	$ 4,409,327	3,635,062
Cost of sales	3,233,556	2,655,277
Gross profit	1,175,771	979,785
Selling, general and administrative expenses	713,001	612,120
Operating income	462,770	367,665
Other expense (income):		
Interest expense	41,084	41,347
Other expense	8,202	4,249
Other income	(3,322)	(5,501)
	45,964	40,095
Earnings before income taxes	416,806	327,570
Income taxes	150,654	119,563
Net earnings	$ 266,152	208,007
Basic earnings per share	$ 3.99	3.14
Weighted-average common shares outstanding	66,680	66,167
Diluted earnings per share	$ 3.94	3.10
Weighted-average common and dilutive potential common shares outstanding	67,544	67,017

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Nine Months Ended	
	October 2, 2004	September 27, 2003
Cash flows from operating activities:		
Net earnings	$ 266,152	208,007
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	93,074	77,444
Tax benefit on exercise of stock options	5,234	7,496
Loss on disposal of property, plant and equipment	1,969	307
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables	(142,773)	(99,500)
Inventories	(162,584)	(143,646)
Accounts payable and accrued expenses	134,850	91,972
Other assets and prepaid expenses	1,869	4,472
Other liabilities	(1,753)	5,891
Net cash provided by operating activities	196,038	152,443
Cash flows from investing activities:		
Additions to property, plant and equipment, net	(70,382)	(80,323)
Acquisitions	(14,998)	(29,308)
Net cash used in investing activities	(85,380)	(109,631)
Cash flows from financing activities:		
Net change in revolving line of credit and unsecured credit lines	11,967	(4,402)
Net change in asset securitization	(92,000)	-
Payments of term loans	(25,034)	(26,494)
Payments of debt	(22)	(732)
Change in outstanding checks in excess of cash	2,035	17,005
Acquisition of treasury stock	(18,413)	(27,838)
Common stock transactions	10,809	16,009
Net cash used in financing activities	(110,658)	(26,452)
Net change in cash	-	16,360
Cash, beginning of period	-	-
Cash, end of period	$ -	16,360

See accompanying notes to condensed consolidated financial statements

(In thousands, except per share amounts)

1. 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 accounting principles generally accepted in the United States of America 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 2003 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.

Certain prior period balances have been reclassified to conform to the current period's presentation.

2. Acquisition

On November 10, 2003, the Company acquired the assets and assumed certain liabilities of the carpet division of Burlington Industries, Inc. ("Lees Carpet") from W.L. Ross & Company for approximately $352,009 in cash. The results of Lees Carpet have been included with the Mohawk segment results in the Company's consolidated financial statements since that date. The primary reason for the acquisition was to expand the Company's presence in the commercial carpet market.

The following table summarizes the fair values of the assets acquired and the liabilities assumed at the date of acquisition for Lees Carpet.

Current assets	$	62,939
Property, plant and equipment		53,424
Goodwill		78,083
Intangible assets		178,340
Other assets		52
Total assets acquired		372,838
Current liabilities		12,829
Other liabilities		8,000
Total liabilities assumed		20,829
Net assets acquired	$	352,009

Of the approximately $178,340 of acquired intangible assets, approximately $125,580 was assigned to trade names and not subject to amortization. The remaining $52,760 was assigned to customer relationships with a weighted-average useful life of approximately 15 years. Goodwill of approximately $78,035 was assigned to the Mohawk segment. The goodwill is deductible for income tax purposes.

The following unaudited pro forma financial information presents the combined results of operations of Mohawk and Lees Carpet as if the acquisition had occurred at the beginning of 2003, after giving effect to certain adjustments, including increased interest expense on debt related to the acquisition, the amortization of customer relationships, depreciation and related income tax effects. The pro forma information does not necessarily reflect the results of operations that would have occurred had Mohawk and Lees Carpet constituted a single entity during such period. The following table discloses the pro forma results for the three and nine-month periods ended September 27, 2003:

(In thousands, except per share amounts)

		Three months	Nine months
Net sales	$	1,366,560	3,829,441
Net earnings	$	94,284	215,645
Basic earnings per share	$	1.42	3.26
Diluted earnings per share	$	1.40	3.22

3. Receivables

Receivables are as follows:

		October 2, 2004	December 31, 2003
Customers, trade	$	816,037	663,269
Other		6,253	4,648
		822,290	667,917
Less allowance for discounts, returns, claims and doubtful accounts		104,284	94,417
Net receivables	$	718,006	573,500

4. Inventories

The components of inventories are as follows:

		October 2, 2004	December 31, 2003
Finished goods	$	645,371	535,645
Work in process		99,347	72,981
Raw materials		256,084	223,789
Total inventories	$	1,000,802	832,415

5. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

		October 2, 2004	December 31, 2003
Outstanding checks in excess of cash	$	32,464	30,429
Accounts payable, trade		351,307	245,746
Accrued expenses		285,385	262,012
Accrued compensation		109,924	99,753
Total accounts payable and accrued expenses	$	779,080	637,940

(In thousands, except per share amounts)

6. Intangible assets and goodwill

The components of intangible assets are as follows:

	October 2, 2004	December 31, 2003
Carrying amount of amortized intangible assets:		
Customer relationships	$ 54,160	53,010
Patents	600	600
	$ 54,760	53,610
Accumulated amortization of amortized intangible assets:		
Customer relationships	$ 3,338	541
Patents	55	10
	$ 3,393	551
Unamortized intangible assets:		
Trade names	$ 272,280	272,280
Total other intangible assets	$ 323,647	325,339

Amortization expense:	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Aggregate amortization expense	$ 1,001	-	2,842	-

The increase in goodwill was attributable to an acquisition within the Dal-Tile segment during the second quarter of 2004 and a $1,500 earn-out payment made during the third quarter of 2004 related to a 2003 Mohawk segment acquisition.

Goodwill consists of the following:	Mohawk Segment	Dal-Tile Segment	Total
Balance as of January 1, 2004	$ 195,083	1,173,617	1,368,700
Goodwill recognized during the period	1,549	7,632	9,181
Balance as of October 2, 2004	$ 196,632	1,181,249	1,377,881

(In thousands, except per share amounts)

7. Product Warranties

The Company warrants certain qualitative attributes of its products for up to 20 years. The Company records a provision for estimated warranty and related costs, based on historical experience and periodically adjusts these provisions to reflect actual experience. The warranty provision is as follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Balance at beginning of period	$ 5,127	6,079	5,190	7,184
Warranty claims paid	(11,475)	(11,660)	(35,758)	(40,134)
Warranty expense	10,945	11,396	35,165	38,765
Balance at end of period	$ 4,597	5,815	4,597	5,815

8. Comprehensive income

Comprehensive income is as follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Net earnings	$ 112,687	91,382	266,152	208,007
Other comprehensive income:				
Foreign currency translation	41	-	(1,948)	-
Unrealized loss on derivative instruments, net of income taxes	(860)	(1,458)	(1,116)	(335)
Comprehensive income	$ 111,868	89,924	263,088	207,672

9. Stock compensation

Effective January 1, 2003 the Company adopted the disclosure provisions of SFAS No. 148, "*Accounting for Stock-Based Compensation-Transition and Disclosure*." This statement amends SFAS No. 123, "*Accounting for Stock-Based Compensation*," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based compensation and requires prominent disclosure in both the annual and interim financial statements of the method of accounting used and the financial impact of stock-based compensation. As permitted by SFAS No. 123 the Company accounts for stock options granted as prescribed under Accounting Principles Board Opinion No. 25, "*Accounting for Stock Issued to Employees*," which recognizes compensation cost based upon the intrinsic value of the award.

If the Company had elected to recognize compensation expense based upon the fair value at the grant dates for awards under these plans, the Company's net earnings per share would have been reduced as follows:

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Net earnings as reported	$ 112,687	91,382	266,152	208,007
Deduct: Stock-based employee compensation expense determined under fair value based method for all options, net of related tax effects	(1,850)	(1,493)	(5,727)	(4,569)
Pro forma net earnings	$ 110,837	89,889	260,425	203,438
Net earnings per common share (basic):				
As reported	$ 1.69	1.38	3.99	3.14
Pro forma	$ 1.66	1.36	3.91	3.07
Net earnings per common share (diluted):				
As reported	$ 1.67	1.36	3.94	3.10
Pro forma	$ 1.65	1.34	3.87	3.04

The following weighted average assumptions were used to determine the fair value using the Black-Scholes option-pricing model:

	Nine Months Ended	
	October 2, 2004	September 27, 2003
Dividend yield	-	-
Risk-free interest rate	2.9%	4.3%
Volatility	43.6%	44.2%
Expected life (years)	6	6

(In thousands, except per share amounts)

10. Earnings per share

The Company applies the provisions of SFAS No. 128, "*Earnings per Share*," which requires companies to present basic EPS and diluted EPS. Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

Dilutive common stock options are included in the diluted EPS calculation using the treasury stock method. Options to purchase common stock were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive were 15 and 0 shares for the three month period ended October 2, 2004 and September 27, 2003, respectively and 12 and 584 shares for the nine month period ended October 2, 2004 and September 27, 2003, respectively.

	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Net earnings	$ 112,687	91,382	266,152	208,007
Weighted-average common and dilutive potential common shares outstanding:				
Weighted-average common shares outstanding	66,669	66,260	66,680	66,167
Add weighted-average dilutive potential common shares - options to purchase common shares	799	962	864	850
Weighted-average common and dilutive potential common shares outstanding	67,468	67,222	67,544	67,017
Basic earnings per share	$ 1.69	1.38	$ 3.99	3.14
Diluted earnings per share	$ 1.67	1.36	$ 3.94	3.10

11. Supplemental Condensed Consolidated Statements of Cash Flows Information

	Nine Months Ended	
	October 2, 2004	September 27, 2003
Net cash paid during the period for:		
Interest	$ 34,224	34,251
Income taxes	$ 156,510	104,734

(In thousands, except per share amounts)

12. Segment reporting

The Company has two operating segments, the Mohawk segment, and the Dal-Tile segment. The Mohawk segment sells and distributes its product lines, which include broadloom carpet, rugs, pad, ceramic tile, hardwood, vinyl and laminate through independent floorcovering retailers, home centers, mass merchandisers, department stores, commercial dealers and commercial end users. The Dal-Tile segment product lines include ceramic tile, porcelain tile and stone products sold through tile and flooring retailers, contractors, independent distributors and home centers.

The accounting policies for each operating segment are consistent with the Company's policies described in the footnotes to the consolidated financial statements included in the Company's Annual Report filed on Form 10-K. Amounts disclosed for each segment are prior to any elimination or consolidation entries. Corporate general and administrative expenses amounts attributable to each segment are estimated and allocated accordingly.

Segment information is as follows:

	Three Months Ended		Nine Months Ended	
	October 2, 2004	September 27, 2003	October 2, 2004	September 27, 2003
Net sales:				
Mohawk	$ 1,130,921	967,405	3,269,411	2,702,261
Dal-Tile	400,229	335,761	1,139,916	932,801
	$ 1,531,150	1,303,166	4,409,327	3,635,062
Operating income:				
Mohawk	$ 131,361	108,499	300,183	235,053
Dal-Tile	62,750	52,702	168,047	137,749
Corporate and Eliminations	(1,053)	(1,797)	(5,460)	(5,137)
	$ 193,058	159,404	462,770	367,665

	As of	
	October 2, 2004	December 31, 2003
Assets:		
Mohawk	$ 2,276,475	2,086,716
Dal-Tile	2,072,761	1,967,206
Corporate and Eliminations	109,934	109,653
	$ 4,459,170	4,163,575

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

Overview

The Company is a leading producer of floorcovering products for residential and commercial applications in the United States. The Company is the second largest carpet and rug manufacturer, and a leading manufacturer, marketer and distributor of ceramic tile and natural stone, in the United States. The Company has two operating segments, the Mohawk segment, and the Dal-Tile segment. The Mohawk segment distributes its product lines, which include broadloom carpet, rugs, pad, ceramic tile, hardwood, vinyl and laminate through its network of approximately 54 regional distribution centers and satellite warehouses using its fleet of company-operated trucks, common carrier or rail transportation. The segment products are purchased by independent floorcovering retailers, home centers, mass merchandisers, department stores, independent distributors, commercial dealers, and commercial end users. The Dal-Tile segment product lines include ceramic tile, porcelain tile and stone products distributed through approximately 244 company-operated sales service centers and regional distribution centers using primarily common carriers and rail transportation. The segment products are purchased by tile specialty dealers, tile contractors, floorcovering retailers, commercial end users, independent distributors, and home centers.

The Company reported net earnings of $112.7 million or diluted earnings per share ("EPS") of $1.67, up 23%, for the third quarter of 2004 compared to net earnings of $91.4 million or $1.36 EPS for the third quarter of 2003. The improvement in EPS resulted from strong organic sales growth from both the Mohawk and Dal-Tile segments, improved manufacturing efficiencies, higher absorption of manufacturing fixed costs, better leveraging of selling, general and administrative costs and the Lees Carpet acquisition, offset by higher raw material and energy costs.

The Company reported net earnings of $266.2 million or EPS of $3.94, for the first nine months of 2004, up 27% compared to net earnings of $208.0 million or $3.10 EPS for the first nine months of 2003. The improvement in EPS resulted from strong organic sales growth from both the Mohawk and Dal-Tile segments, four additional sales days in the nine months of 2004 when compared to the first nine months 2003, improved manufacturing efficiencies, higher absorption of manufacturing fixed costs, better leveraging of selling, general and administrative costs and the Lees Carpet acquisition, offset by higher raw material and energy costs.

In addition, the Company has implemented multiple price increases within the Mohawk segment during the first nine months of 2004 to offset increases in raw material and energy prices. Although the Company has not received formal notice of further increases at this time, the continuing high level of commodity costs is troubling. In addition, the Company believes these costs will stabilize over the long-term but the short-term trend of these costs is uncertain.

The Company believes its financial condition remained strong in the third quarter of 2004 as evidenced by the Company's debt to capitalization ratio of 26.2% and inventory turns of 4.4 times.

Results of Operations

Quarter Ended October 2, 2004, as Compared with Quarter Ended September 27, 2003

Net sales for the quarter ended October 2, 2004 were $1,531.2 million, reflecting an increase of $228.0 million, or approximately 17.5%, from the $1,303.2 million reported in the quarter ended September 27, 2003. The increased net sales were primarily attributable to strong organic sales growth from both the Mohawk and Dal-Tile segments and the Lees Carpet acquisition. The Mohawk segment recorded net sales of $1,130.9 million in the current quarter compared to $967.4 million in 2003, representing an increase of $163.5 million, or approximately 16.9%. The increase was attributable to strong organic growth in all product categories and the Lees Carpet acquisition. The Dal-Tile segment recorded net sales of $400.2 million in the current quarter, reflecting an increase of $64.4 million, or approximately 19.2%, from the $335.8 million reported in the quarter ended September 27, 2003. The increase was attributable to organic growth within all product categories and an acquisition made during the second quarter of 2004.

Gross profit for the third quarter of 2004 was $426.8 million (27.9% of net sales) compared to the gross profit of $364.9 million (28.0% of net sales) for the prior year's third quarter. Gross profit as a percentage of net sales in the current quarter was unfavorably impacted by higher raw material and energy costs when compared to the third quarter of 2003.

Selling, general and administrative expenses for the current quarter were $233.8 million (15.3% of net sales) compared to $205.5 million (15.8% of net sales) for the prior year's third quarter. The reduction in percentage was attributable to better leveraging of selling, general and administrative expenses with higher sales dollars.

Operating income for the current quarter was $193.1 million (12.6% of net sales) compared to $159.4 million (12.2% of net sales) in the third quarter of 2003. Operating income attributable to the Mohawk segment was $131.4 million (11.6% of segment net sales) in the third quarter of 2004 compared to $108.5 million (11.2% of segment net sales) in the third quarter of 2003. Operating income attributable to the Dal-Tile segment was $62.8 million (15.7% of segment net sales) in the third quarter of 2004 compared to $52.7 million (15.7% of segment net sales) in the third quarter of 2003.

Interest expense for the third quarter of 2004 was $13.9 million compared to $14.2 million in the third quarter of 2003. The decrease in interest expense was attributable to a favorable periodic fair value adjustment on an interest rate swap.

Income tax expense was $64.0 million, or 36.2% of earnings before income taxes for the third quarter of 2004 compared to $52.5 million, or 36.5% of earnings before income taxes for the prior year's third quarter. The improved rate was a result of the utilization of tax credits.

Nine Months Ended October 2, 2004, as Compared with Nine Months Ended September 27, 2003

Net sales for the first nine months ended October 2, 2004 were $4,409.3 million, reflecting an increase of $774.2 million, or approximately 21.3%, from the $3,635.1 million reported in the nine months ended September 27, 2003. The increased net sales are primarily attributable to strong organic sales growth from both the Mohawk and Dal-Tile segments. The Mohawk segment recorded net sales of $3,269.4 million in the first nine months of 2004 compared to $2,702.3 million in the first nine months of 2003, representing an increase of $567.1 million or approximately 21.0%. The increase was attributable to strong organic growth in all product categories, four more shipping days in the first nine months of 2004 when compared to the first nine months of 2003, and the Lees Carpet acquisition. The Dal-Tile segment recorded net sales of $1,139.9 million in the first nine months of 2004, reflecting an increase of $207.1 million or 22.2%, from the $932.8 million reported in the first nine months of 2003. The increase was attributable to strong organic growth in all product categories, four more shipping days in the first nine months of 2004 when compared to the first nine months of 2003, a stone acquisition made during the second quarter of 2004. The Company's fiscal calendar for 2004 when compared to 2003, increased by four days in the first quarter which added approximately 2% to total sales in the first nine months of 2004. The fourth quarter of 2004 will have four less days than the fourth quarter of 2003. The Company believes this may impact fourth quarter net sales by approximately 7% over the prior year.

Gross profit for the first nine months of 2004 was $1,175.8 million (26.7% of net sales) and represented an increase from gross profit of $979.8 million (27.0% of net sales) for the prior year's first nine months. Gross profit as a percentage of net sales in the current first nine months was unfavorably impacted when compared to the first nine months of 2003 by increased raw material and energy costs.

Selling, general and administrative expenses for the first nine months of 2004 were $713.0 million (16.2% of net sales) compared to $612.1 million (16.8% of net sales) for the prior year's first nine months. The reduction in percentage was attributable to better leveraging of selling, general and administrative expenses.

Operating income for the first nine months of 2004 was $462.8 million (10.5% of net sales) compared to $367.7 million (10.1% of net sales) in the first nine months of 2003. Operating income attributable to the Mohawk segment was $300.2 million (9.2% of segment net sales) in the first nine months of 2004 compared to $235.1 million (8.7% of segment net sales) in the first nine months of 2003. Operating income attributable to the Dal-Tile segment was $168.0 million (14.7% of segment net sales) in the first nine months of 2004 compared to $137.7 million (14.8% of segment net sales) in the first nine months of 2003.

Interest expense for the first nine months of 2004 was $41.1 million compared to $41.3 million for the first nine months of 2003. Interest expense for the first nine months of 2004 was offset by a favorable periodic fair value adjustment on an interest rate swap.

Income tax expense was $150.7 million, or 36.1% of earnings before income taxes for the first nine months of 2004 compared to $119.6 million, or 36.5% of earnings before income taxes for the prior year's first nine months. The improved rate was a result of the utilization of tax credits.

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, bank credit lines, term and senior notes, the sale of receivables and credit terms from suppliers.

Cash flows generated by operations for the first nine months of 2004 were $196.0 million compared to $152.4 million for the first nine months of 2003. The increase was primarily attributable to an increase in net earnings and depreciation and amortization. The increase was offset by an increase in accounts receivable, which increased from $573.5 million at the beginning of 2004 to $718.0 million at October 2, 2004 and inventories, which increased from $832.4 million at the beginning of 2004 to $1,000.8 million at October 2, 2004. The increases were primarily attributable to organic sales growth within both the Mohawk and Dal-Tile segments.

Net cash used in investing activities for the first nine months of 2004 was $85.4 million compared to $109.6 million for the first nine months of 2003. The decrease was primarily attributable to lower capital expenditures and lower expenditures related to acquisitions in the first nine months of 2004 when compared to the first nine months of 2003. Capital expenditures were incurred primarily to modernize, add, and expand manufacturing and distribution facilities and equipment. Capital spending during the remainder of 2004 for both the Mohawk and Dal-Tile segments combined, excluding acquisitions, is expected to range from $40 million to $60 million, and will be used primarily to purchase equipment and to add manufacturing capacity.

Net cash used in financing activities for the first nine months of 2004 and 2003 was $110.7 million and $26.5 million, respectively. The primary reason for the change was a reduction in debt and the repurchase of Company common stock for the nine months ended October 2, 2004 compared to the nine months ended September 27, 2003. The Company's debt to capitalization ratio was 26.2% at October 2, 2004 compared to 26.5% at September 27, 2003. The Company repurchased 150,000 and 250,000 common shares during the current quarter and first nine months of 2004 for approximately $11.2 and $18.4 million, respectively. Since the inception of the stock repurchase program the Company has repurchased 11.2 million shares of common stock for approximately $311.5 million.

During the third quarter of 2004, the Company amended its five-year revolving credit facility. The facility was increased from $200 million to $300 million. The increase in the facility replaces the $100 million 364-day facility, which expired during the third quarter of 2004. The Company believes that its available credit facilities at October 2, 2004 are adequate to support its operations and working capital requirements. At October 2, 2004, the Company had credit facilities of $300 million under its revolving credit line and $50 million under various short-term uncommitted credit lines. All of these lines are unsecured. At October 2, 2004, a total of approximately $224.0 million was available under both the credit facility and uncommitted credit lines compared to $237.3 million available under both the credit facility and uncommitted credit lines at December 31, 2003. The amount used consisted of $53.7 million under the Company's five-year revolving credit facility and unsecured credit lines, $55.6 million standby letters of credit guaranteeing the Company's industrial revenue bonds and $17.0 million standby letters of credit related to various insurance contracts and foreign vendor commitments.

The Company has an on-balance sheet trade accounts receivable securitization agreement ("Securitization Facility"). The Securitization Facility allows the Company to borrow up to $350 million based on available accounts receivable. At October 2, 2004, the Company had $90 million outstanding secured by approximately $808.4 million of trade receivables compared to $182 million secured by approximately $649 million of trade receivables at December 31, 2003. During the current quarter, the Company extended the term of its Securitization Facility until August of 2005and amended certain representations and warranties.

Contractual Obligations

As of October 2, 2004 the Company's contractual obligations have increased by approximately $81 million related to operating leases that the Company has entered into or renewed since December 31, 2003.

The Company's interest obligations associated with its variable and fixed rate debt disclosed in the Company's Annual Report on Form 10-K at December 31, 2003 were approximately $315.9 million at December 31, 2003. The interest obligations by period were $57.6, $52.0, $48.5, $34.4, $28.8 and $94.6 million for 2004, 2005, 2006, 2007, 2008 and thereafter, respectively. For fixed rate debt, the Company calculated interest based on the applicable rates and payment dates. For variable rate debt, the Company estimated average outstanding balances for the respective periods and applied interest rates in effect at December 31, 2003 to these balances. The interest payments associated with the Company's interest rate swap were based on the difference between the fixed rate and the forward yield curve.

Other than the two items mentioned above, there have been no other significant changes to the Company's contractual obligation table as disclosed in the Company's Annual Report on Form 10-K, dated December 31, 2003.

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the Company must make decisions which impact the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Such decisions include the selection of appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, the Company applies judgment based on its understanding and analysis of the relevant circumstances and historical experience. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. Some of those significant accounting policies require the Company to make subjective or complex judgments or estimates. Critical accounting policies are defined as those that are both most important to the portrayal of a company's financial condition and results and require management's most difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The Company believes the following accounting policies require it to use judgments and estimates in preparing its consolidated financial statements and could represent critical accounting policies.

- Accounts receivable and revenue recognition. Revenues are recognized when goods are shipped and legal title passes to the customer. The Company provides allowances for expected cash discounts, returns, claims, and doubtful accounts based upon historical bad debt and claims experience and periodic evaluation of specific customer accounts and the aging of accounts receivable. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.
- Inventories are stated at the lower of cost or market (net realizable value). Cost is determined using the last-in, first-out method (LIFO) predominantly within the Mohawk segment, which matches current costs with current revenues, and the first-in, first-out method (FIFO), which is used to value inventory within the Dal-Tile segment. Inventories on hand are compared against anticipated future usage, which is a function of historical usage and anticipated future selling price, in order to evaluate obsolescence, excessive quantities, and expected sales below cost. Actual results could differ from assumptions used to value obsolete, excessive inventory or inventory expected to be sold below cost and additional reserves may be required.

- Goodwill and indefinite life intangible assets are subject to annual impairment testing. The impairment tests are based on determining the fair value of the specified reporting units and indefinite life intangible assets based on management judgments and assumptions using estimated future cash flows. These judgments and assumptions could materially change the value of the specified reporting units and indefinite life intangible assets and, therefore, could materially impact the Company's consolidated financial statements. Intangible assets with definite lives are amortized over their useful lives. The useful life of a definite intangible asset is based on assumptions and judgments made by management at the time of acquisition. Changes in these judgments and assumptions that could include a loss of customers, a change in the assessment of future operations or a prolonged economic downturn could materially change the value of the definite intangible assets and, therefore could materially impact the Company's financial statements.

- Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in earnings in the period that includes the enactment date. Additionally, taxing jurisdictions could retroactively disagree with the Company's tax treatment of certain items, and some historical transactions have income tax effects going forward. Accounting rules require these future effects to be evaluated using current laws, rules and regulations, each of which can change at any time and in an unpredictable manner.

- Environmental and legal accruals are estimates based on judgments made by the Company relating to ongoing environmental and legal proceedings, as disclosed in the Company's consolidated financial statements. In determining whether a liability is probable and reasonably estimable, the Company consults with its internal experts. The Company believes that the amounts recorded in the accompanying financial statements are based on the best estimates and judgments available to it.

Impact of Inflation

Inflation affects the Company's manufacturing costs and operating expenses. The carpet and ceramic tile industry has experienced inflation in the prices of raw materials and fuel-related costs. In the past, the Company has generally passed along these price increases to its customers and has been able to enhance productivity to offset increases in costs resulting from inflation in both the United States and Mexico.

Seasonality

The Company is a calendar year-end company and its results of operations for the first quarter tend to be the weakest. The second, third and fourth quarters typically produce higher net sales and operating income. These results are primarily due to consumer residential spending patterns for floorcovering, which historically have decreased during the first two months of each year following the holiday season.

Forward-Looking Information

Certain of the statements in this Form 10-Q, particularly those anticipating future performance, business prospects, growth and operating strategies, proposed acquisitions, and similar matters, and those that include the words "believes," "anticipates," "forecast," "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 and 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 industry conditions; competition; raw material prices; timing and level of capital expenditures; integration of acquisitions; introduction of new products; rationalization of operations; and other risks identified in Mohawk's SEC reports and public announcements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's exposures to market risk have not changed significantly since December 31, 2003.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in routine litigation from time to time in the regular course of its business. There are no material legal proceedings pending or known to be contemplated to which the Company is a party or to which any of its property is subject.

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

Mohawk Industries, Inc. Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
Opening balance		$ 27.16	11,056,690	3,943,310
Month #1 (July 4, 2004- August 7, 2004)	-	-	-	-
Month #2 (August 8, 2004- September 4, 2004)	150,000	74.88	11,206,690	3,793,310
Month #3 (September 5, 2004- October 2, 2004)	-	-	-	-
Cumulative to date		$ 27.80	11,206,690	3,793,310

On September 29, 1999, the Company announced that its Board of Directors authorized the repurchase of up to 5 million shares of the Company's common stock. On December 16, 1999, the Company announced that the Company's Board of Directors authorized the repurchase of an additional 5 million of its common stock under the existing repurchase plan. On May 18, 2000, the Company announced that the Company's Board of Directors authorized the repurchase of an additional 5 million of its common stock under the existing repurchase plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

During the third quarter of 2004, the Company amended its five-year revolving credit facility. The facility was increased from $200 million to $300 million. The increase in the facility replaces the $100 million 364-day facility, which expired during the third quarter of 2004. In addition, the amendment removed certain conditions to borrowings.

The Company amended its Securitization Facility, to among other things, remove certain conditions to borrowings.

Item 6. Exhibits

No.	Description
10.1	First Amendment to Five Year Credit Agreement and Termination of 364-Day Credit Agreement dated as of September 30, 2004, among Mohawk Industries, Inc., SunTrust Bank, and Wachovia Bank, National Association.
10.2	Amendment to Second Amended and Restated Liquidity Asset Purchase Agreement dated August 2, 2004, among Mohawk Factoring, Inc., Blue Ridge Asset Funding Corporation and Wachovia Bank, National Association.
10.3	Amendment to Second Amended and Restated Liquidity Asset Purchase Agreement dated August 2, 2004, among Mohawk Factoring, Inc., Three Pillars Funding Corporation, and SunTrust Capital Markets, Inc.
10.4	First Amendment to Amended and Restated Credit and Security Agreement dated September 29, 2004, among Mohawk Factoring, Inc., Blue Ridge Asset Funding Corporation, Wachovia Bank, National Association, Three Pillars Funding LLC, and SunTrust Capital Markets, 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.

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.

Dated: November 10, 2004

By: /s/ Jeffrey S. Lorberbaum
JEFFREY S. LORBERBAUM, Chairman and
Chief Executive Officer (principal executive officer)

Dated: November 10, 2004

By: /s/ John D. Swift
JOHN D. SWIFT, Chief Financial Officer,
(principal financial and accounting officer)

Exhibit 10.1

FIRST AMENDMENT
TO FIVE YEAR CREDIT AGREEMENT AND TERMINATION OF 364-DAY CREDIT AGREEMENT

This FIRST AMENDMENT TO FIVE YEAR CREDIT AGREEMENT AND TERMINATION OF 364-DAY CREDIT AGREEMENT dated as of September 29, 2004 (this "Amendment") by and among MOHAWK INDUSTRIES, INC. (the "Borrower"), SUNTRUST BANK, as Co-Lead Arranger and Agent, WACHOVIA BANK, NATIONAL ASSOCIATION, as Co-Lead Arranger and Administrative Agent (the "Agent") and the other Banks from time to time party thereto (the "Banks").

WHEREAS, the parties hereto are parties to that certain Five Year Credit Agreement dated as September 30, 2003 (the "Credit Agreement");

WHEREAS, the parties hereto desire to amend certain provisions of the Credit Agreement on the terms and conditions contained herein;

WHEREAS, the parties hereto are also parties to that certain 364-Day Credit Agreement dated as of September 30, 2003 (the "364-Day Credit Agreement") which the parties desire to terminate in connection with this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Specific Amendments to Credit Agreement.

(a) Section 3.02(c) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(c) the fact that the representations and warranties contained in Article IV of this Agreement (other than those contained in Sections 4.04(b) and 4.05), shall be true on and as of the date of such Borrowing or issuance of such Letter of Credit except for changes permitted by this Agreement and except to the extent they relate solely to an earlier date; provided, that with respect to those contained in Sections 4.01, 4.06, 4.11, 4.12 and 4.13, the determination of whether any Material Adverse Effect has occurred as set forth therein shall be made solely by the Borrower, in its reasonable, good faith judgment; and

(b) Section 2.06(a) of the Credit Agreement is hereby amended by deleting the table contained therein and replacing it with the following table:

Debt to Capitalization Ratio	Base Rate Loan	Euro-Dollar Loan
≥ 0.55 to 1.0	0.500%	1.400%
≥ 0.50 to 1.0 but < 0.55 to 1.0	0.250%	1.150%
≥ 0.40 to 1.0 but <0.50 to 1.0	0.000%	0.900%
≥0.30 to 1.0 but <0.40 to 1.0	0.000%	0.650%
≥0.20 to 1.0 but <0.30 to 1.0	0.000%	0.500%
≤ 0.20 to 1.0	0.000%	0.400%

(c) Each Bank agrees that its Commitment shall be increased from $100,000,000 to $150,000,000. Accordingly, the Credit Agreement is hereby amended by (i) deleting the reference to $100,000,000 set forth on each Bank's signature page to the Credit Agreement and replacing it with a reference to $150,000,000 and (ii) deleting the reference to $200,000,000 as the "Total Commitments" at the end of the signature pages to the Credit Agreement and replacing it with a reference to $300,000,000.

Section 2. Termination of 364-Day Credit Agreement. Upon the effectiveness of this Amendment, the parties hereto agree that the 364-Day Credit Agreement and the Commitments (as defined in the 364-Day Credit Agreement) thereunder shall be terminated.

Section 3. Representations of the Borrower. The Borrower represents and warrants to the Agent and the Banks that:

(a) Authorization. The execution and delivery by the Borrower of this Amendment, and the performance by the Borrower of this Amendment and the Credit Agreement as amended by this Amendment (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) require no action by or in respect of or filing with, any governmental body, agency or official (other than routine filings with the Securities and Exchange Commission), (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Subsidiaries, and (v) do not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

(b) Binding Effect. Each of this Amendment and the Credit Agreement as amended by this Amendment constitutes a valid and binding agreement of the Borrower enforceable in accordance with their respective terms, provided that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

(c) No Default. No Default or Event of Default will exist immediately after giving effect to this Amendment.

Section 4. Reaffirmation of Representations. The Borrower hereby repeats and reaffirms all representations and warranties made by it to the Agent and the Banks in the Credit Agreement and the other Loan Documents to which it is a party on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full.

Section 5. References to the Credit Agreement. Each reference to the Credit Agreement in any of the Loan Documents (including the Credit Agreement) shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment.

Section 6. Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding and enforceable obligations of the Borrower. The amendments contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein.

Section 7. Ratification. The Borrower hereby restates, ratifies and reaffirms each and every term, covenant and condition set forth in the Credit Agreement and the other Loan Documents effective as of the date hereof.

Section 8. Benefits. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 9. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF GEORGIA.

Section 10. Effect. Except as expressly herein amended, the terms and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect.

Section 11. Counterparts. This Amendment may be executed in any number of counterparts and delivered by facsimile, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 12. Headings. The paragraph headings used in this Amendment are for convenience only and in no way defined, describe or limit the scope or intent of this Amendment.

Section 13. Definitions. All capitalized terms not otherwise defined herein are used herein with the respective definitions given them in the Credit Agreement.

Section 12. Effective Date. This Amendment shall be effective upon (a) the execution and delivery of this Amendment by all of the parties hereto and (b) and the Borrower's execution and delivery of replacement Notes to each of the Banks in the amount of their respective Commitments as increased by this Amendment.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Five Year Credit Agreement to be executed as of the date first above written.

MOHAWK INDUSTRIES, INC.

By: /s/: Scott R. Veldman

Name: Scott R. Veldman

Title: Vice President & Treasurer

WACHOVIA BANK, NATIONAL ASSOCIATION, as Administrative Agent and as a Bank

By: /s/: David C. Hauglid

Name:________________________

Title:_________________________

SUNTRUST BANK

By:________________________________

Name:___________________________

Title:____________________________

Exhibit 10.2

**AMENDMENT TO SECOND AMENDED AND RESTATED
LIQUIDITY ASSET PURCHASE AGREEMENT**

(re: Mohawk Factoring, Inc.)

This Amendment to the Second Amended and Restated Liquidity Asset Purchase Agreement (this "Amendment") is entered into as of August 2, 2004 among BLUE RIDGE ASSET FUNDING CORPORATION, a Delaware corporation, and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, individually as a Liquidity Purchaser, as Liquidity Agent, and as Blue Ridge Agent. Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Liquidity Agreement (hereinafter defined).

RECITALS:

WHEREAS, the parties hereto have entered into a Second Amended and Restated Liquidity Asset Purchase Agreement, amended and restated as of August 4, 2003 (the "Liquidity Agreement"); and

WHEREAS, the parties hereto desire to amend the Liquidity Agreement in a manner consistent with the requirements set forth therein;

NOW THEREFORE, in consideration of the premises and the other mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. Amendment to the Liquidity Agreement. The definition of "Purchase Termination Date" is hereby amended and restated to read in its entirety as follows:

"Purchase Termination Date" means August 1, 2005.

SECTION 2. Liquidity Agreement in Full Force and Effect as Amended. Except as specifically amended hereby, the Liquidity Agreement shall remain in full force and effect. All references to the Liquidity Agreement shall be deemed to mean the Liquidity Agreement as modified hereby. This Amendment shall not constitute a novation of the Liquidity Agreement, but shall constitute an amendment thereof. The parties hereto agree to be bound by the terms and conditions of the Liquidity Agreement, as amended by this Amendment, as though such terms and conditions were set forth herein.

SECTION 3. Miscellaneous.

(a) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

(b) The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions thereof.

(c) **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES.**

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

WACHOVIA BANK, NATIONAL ASSOCIATION, individually, as Blue Ridge Agent and Liquidity Agent

By:______________________
Name:

Title:

BLUE RIDGE ASSET FUNDING CORPORATION

By: Wachovia Capital Markets, LLC,
as Attorney-In-Fact

By:______________________
Name:

Title:

Exhibit 10.3

AMENDMENT TO LIQUIDITY ASSET PURCHASE AGREEMENT

[Mohawk Factoring, Inc.]

This AMENDMENT TO Liquidity Asset Purchase Agreement (this ***"Amendment"***) is entered into as of August 2, 2004, among SUNTRUST BANK, a Georgia banking corporation, individually and as Liquidity Agent, THREE PILLARS FUNDING LLC, a Delaware limited liability company (together with its successors and permitted assigns, the ***"Company"***), and SUNTRUST CAPITAL MARKETS, INC., a Tennessee corporation, as ***"TPFC Agent,"*** and pertains to the Amended and Restated Liquidity Asset Purchase Agreement among the parties hereto dated as of August 4, 2003 (the ***"Existing Agreement"***). Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Existing Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the parties hereto agrees that the Existing Agreement is hereby amended to extend the Purchase Termination Date to August 1, 2005.

Except as expressly amended above, the Existing Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed. This Amendment shall become effective when it shall have been executed and delivered by each of the parties hereto and thereafter shall be binding upon and inure to the benefit of the Conduit, the Administrator, the Liquidity Agent and each Purchaser and their respective successors and assigns.

THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW)).

This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

<signature page follows>

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THREE PILLARS FUNDING LLC

By:___________________________________

Name:________________________________

Title:__________________________________

SUNTRUST BANK, *Individually and as Liquidity Agent*

By:___________________________________

Name:________________________________

Title:__________________________________

SUNTRUST CAPITAL MARKETS, INC., *as TPFC Agent*

By:___________________________________

Name:________________________________

Title:__________________________________

Exhibit 10.4

FIRST AMENDMENT TO AMENDED AND RESTATED
CREDIT AND SECURITY AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT dated as of September 29, 2004 (this "Amendment") by and among MOHAWK FACTORING, INC. (the "Borrower"), BLUE RIDGE ASSET FUNDING CORPORATION ("Blue Ridge") and WACHOVIA BANK, NATIONAL ASSOCIATION, as a Liquidity Bank and agent to Blue Ridge, THREE PILLARS FUNDING LLC ("TPFC") and SUNTRUST CAPITAL MARKETS, INC., as a Liquidity Bank and agent to TPFC, and WACHOVIA BANK, NATIONAL ASSOCIATION, as agent for the Conduit Groups (in such capacity, the "Agent").

WHEREAS, the parties hereto and Mohawk Servicing, Inc. are parties to that certain Amended and Restated Credit and Security Agreement dated as August 4, 2003 (the "Credit Agreement"); and

WHEREAS, the parties hereto desire to amend certain provisions of the Credit Agreement on the terms and conditions contained herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Specific Amendments to Credit Agreement.

(a) Section 6.2(d)(i) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(i) the representations and warranties set forth in Section 5.1 (other than those contained in Sections 5.1(e) and (m), and if and to the extent incorporated herein, the representation and warranty contained in Section 6(d) of the Performance Undertaking) are true and correct on and as of the date of such Advance (or such Settlement Date, as the case may be) as though made on and as of such date; provided, that with respect to those contained in Sections 5.1(a), (c) and (p), the determination of whether any Material Adverse Effect has occurred as set forth therein shall be made solely by Borrower, in its reasonable, good faith judgment;

(b) Section 9.1(q) of the Credit Agreement is hereby deleted in its entirety.

Section 2. Representations of the Borrower. The Borrower represents and warrants to the Agent and the Conduit Groups that:

(a) Authorization. The execution and delivery by the Borrower of this Agreement, and the performance of its obligations hereunder and under the Credit Agreement as amended by this Amendment, are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part. This Amendment has been duly executed and delivered by the Borrower.

(b) No Conflicts. The execution and delivery by the Borrower of this Amendment, and the performance of its obligations hereunder and under the Credit Agreement as amended by this Amendment, do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree applicable to it, and do not result in the creation or imposition of any Adverse Claim on assets of the Borrower or its Subsidiaries, except, in any case, where such contravention or violation is not reasonably likely to have a Material Adverse Effect.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by the Borrower of this Amendment and the performance of its obligations hereunder and under the Credit Agreement as amended by this Amendment.

(d) Binding Effect. This Agreement and the Credit Agreement as amended by this Amendment constitute the legal, valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(e) No Amortization Event. No event has occurred and is continuing that constitutes an Amortization Event or an Unmatured Amortization Event.

Section 3. Reaffirmation of Representations. The Borrower hereby repeats and reaffirms all representations and warranties made by it to the Agent and the Conduit Groups in the Credit Agreement and the other Transaction Documents to which it is a party on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full.

Section 4. References to the Credit Agreement. Each reference to the Credit Agreement in any of the Transaction Documents (including the Credit Agreement) shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment.

Section 5. Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Transaction Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding and enforceable obligations of the Borrower. The amendments contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein.

Section 6. Ratification. The Borrower hereby restates, ratifies and reaffirms each and every term, covenant and condition set forth in the Credit Agreement and the other Transaction Documents effective as of the date hereof.

Section 7. Benefits. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF GEORGIA.

Section 9. Effect. Except as expressly herein amended, the terms and conditions of the Credit Agreement and the other Transaction

Documents shall remain in full force and effect.

Section 10. Counterparts. This Amendment may be executed in any number of counterparts and delivered by facsimile, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 11. Headings. The paragraph headings used in this Amendment are for convenience only and in no way defined, describe or limit the scope or intent of this Amendment.

Section 12. Definitions. All capitalized terms not otherwise defined herein are used herein with the respective definitions given them in the Credit Agreement.

Section 13. Rating Agency Requirement. Each Co-Agent represents and warrants to the Borrower that with respect to its Conduit the Rating Agency Condition is not required in connection with this Amendment, or if it is required, it has been satisfied.

Section 14. Effective Date. This Amendment shall be effective upon the execution and delivery by all of the parties hereto whereupon it shall be deemed effective as of the date first written above.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Amended and Restated Credit and Security Agreement to be executed as of the date first above written.

mohawk factoring, INC.

By:________________________________

Name: ___________________________

Title: ____________________________

Acknowledged:

MOHAWK SERVICING, INC.

By:________________________________

Name: ___________________________

Title: ____________________________

[Signatures Continued on Next Page]

[Signature Page to First Amendment to Amended and Restated

Credit and Security Agreement for Mohawk Factoring, Inc.]

blue ridge asset funding corporation, as a Conduit

By: Wachovia Capital Markets, LLC, its Attorney-In-Fact

By:________________________________

Name: ___________________________

Title: ____________________________

WACHOVIA BANK, NATIONAL ASSOCIATION,as Blue Ridge Agent, a Liquidity Bank and as Administrative Agent

By:________________________________

Name:___________________________

Title:____________________________

[Signatures Continued on Next Page]

[Signature Page to First Amendment to Amended and Restated

Credit and Security Agreement for Mohawk Factoring, Inc.]

three pillars funding LLC, as a Conduit

By:________________________________

Name: ____________________________

Title: _____________________________

suntrust capital markets, inc., as a Liquidity Bank and TPFC Agent

By:______________________________

Name:_________________________

Title:__________________________

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(s) 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)) 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) 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

(c) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2004
/s/: Jeffrey S. Lorberbaum
Jeffrey S. Lorberbaum
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, John D. Swift, 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(s) 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)) 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) 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

   (c) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2004
/s/: John D. Swift
John D. Swift
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 October 2, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey S. Lorberbaum, President 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
President and Chief Executive Officer
November 10, 2004

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 October 2, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John D. Swift, 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/: John D. Swift
John D. Swift
Chief Financial Officer
November 10, 2004