

**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 April 4, 2015

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
(State or other jurisdiction of
incorporation or organization)

52-1604305
(I.R.S. Employer
Identification No.)

160 S. Industrial Blvd., Calhoun, Georgia
(Address of principal executive offices)

30701
(Zip Code)

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

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares outstanding of the issuer's common stock as of May 6, 2015, the latest practicable date, is as follows: 73,090,554 shares of common stock, \$.01 par value.

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

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

	April 4, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 107,041	97,877
Receivables, net	1,158,858	1,081,963
Inventories	1,505,632	1,543,313
Prepaid expenses	247,494	225,759
Deferred income taxes	147,027	151,784
Other current assets	37,767	31,574
Total current assets	<u>3,203,819</u>	<u>3,132,270</u>
Property, plant and equipment	5,057,081	5,130,213
Less: accumulated depreciation	2,438,448	2,427,003
Property, plant and equipment, net	<u>2,618,633</u>	<u>2,703,210</u>
Goodwill	1,553,155	1,604,352
Tradenames	592,038	622,691
Other intangible assets subject to amortization, net	69,808	79,318
Deferred income taxes and other non-current assets	247,169	143,703
	<u>\$ 8,284,622</u>	<u>8,285,544</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and commercial paper	\$ 1,806,175	851,305
Accounts payable and accrued expenses	1,085,805	1,104,509
Total current liabilities	<u>2,891,980</u>	<u>1,955,814</u>
Deferred income taxes	394,312	401,674
Long-term debt, less current portion	606,080	1,402,135
Other long-term liabilities	168,455	103,108
Total liabilities	<u>4,060,827</u>	<u>3,862,731</u>
Commitments and contingencies (Notes 7 and 13)		
Stockholders' equity:		
Preferred stock, \$.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 150,000 shares authorized; 81,247 and 81,070 shares issued in 2015 and 2014, respectively	812	811
Additional paid-in capital	1,604,149	1,598,887
Retained earnings	3,509,814	3,487,079
Accumulated other comprehensive (loss)	(655,394)	(429,321)
	<u>4,459,381</u>	<u>4,657,456</u>
Less treasury stock at cost; 8,157 shares in 2015 and 2014	239,450	239,450
Total Mohawk Industries, Inc. stockholders' equity	<u>4,219,931</u>	<u>4,418,006</u>
Noncontrolling interest	3,864	4,807
Total stockholders' equity	<u>4,223,795</u>	<u>4,422,813</u>
	<u>\$ 8,284,622</u>	<u>8,285,544</u>

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	
	April 4, 2015	March 29, 2014
Net sales	\$ 1,881,177	1,813,095
Cost of sales	1,369,234	1,331,740
Gross profit	511,943	481,355
Selling, general and administrative expenses	468,169	350,620
Operating income	43,774	130,735
Interest expense	16,449	22,096
Other (income) expense, net	(1,083)	4,890
Earnings from continuing operations before income taxes	28,408	103,749
Income tax expense	5,904	22,696
Net earnings including noncontrolling interest	22,504	81,053
Net income (loss) attributable to noncontrolling interest	158	(28)
Net earnings attributable to Mohawk Industries, Inc.	\$ 22,346	81,081
 Basic earnings per share attributable to Mohawk Industries, Inc.		
Basic earnings per share attributable to Mohawk Industries, Inc.	\$ 0.31	1.11
Weighted-average common shares outstanding—basic	72,988	72,742
 Diluted earnings per share attributable to Mohawk Industries, Inc.		
Diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 0.30	1.11
Weighted-average common shares outstanding—diluted	73,530	73,282

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	
	April 4, 2015	March 29, 2014
Net earnings including noncontrolling interest	\$ 22,504	81,053
Other comprehensive income (loss):		
Foreign currency translation adjustments	(226,159)	(63,082)
Pension prior service cost and actuarial gain	86	2
Other comprehensive (loss)	(226,073)	(63,080)
Comprehensive income (loss)	(203,569)	17,973
Comprehensive income (loss) attributable to the noncontrolling interest	158	(28)
Comprehensive income (loss) attributable to Mohawk Industries, Inc.	\$ (203,727)	18,001

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	April 4, 2015	March 29, 2014
Cash flows from operating activities:		
Net earnings	\$ 22,504	81,053
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Restructuring	6,657	4,661
Depreciation and amortization	85,656	80,984
Deferred income taxes	308	(9,814)
(Gain)/Loss on disposal of property, plant and equipment	(466)	406
Stock-based compensation expense	8,436	7,614
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	(114,966)	(114,755)
Inventories	7,758	(65,645)
Accounts payable and accrued expenses	8,551	(36,365)
Other assets and prepaid expenses	(132,668)	1,858
Other liabilities	58,584	(21,003)
Net cash used in operating activities	(49,646)	(71,006)
Cash flows from investing activities:		
Additions to property, plant and equipment	(105,794)	(122,081)
Acquisitions, net of cash acquired	(3,328)	19
Net cash used in investing activities	(109,122)	(122,062)
Cash flows from financing activities:		
Payments on Senior Credit Facilities	(205,302)	(1,010,654)
Proceeds from Senior Credit Facilities	16,780	682,101
Payments on Commercial Paper	(4,841,700)	(287,485)
Proceeds from Commercial Paper	5,197,200	878,626
Payments of acquired debt and other financings	—	(12,417)
Change in asset securitization borrowings, net	(7,100)	—
Payments on other debt	—	(52,460)
Debt issuance costs	(2,528)	—
Change in outstanding checks in excess of cash	9,729	9,056
Proceeds and net tax benefit from stock transactions	8,225	6,276
Net cash provided by financing activities	175,304	213,043
Effect of exchange rate changes on cash and cash equivalents	(7,372)	(1,396)
Net change in cash and cash equivalents	9,164	18,579
Cash and cash equivalents, beginning of period	97,877	54,066
Cash and cash equivalents, end of period	\$ 107,041	72,645

See accompanying notes to condensed consolidated financial statements.

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

1. General

Interim Reporting

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("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 2014 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Results for interim periods are not necessarily indicative of the results for the year.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. Under ASU 2014-08, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. ASU 2014-08 is effective for fiscal and interim periods beginning on or after December 15, 2014. Accordingly, the Company has adopted the provisions of this new accounting standard at the beginning of fiscal year 2015, and has assessed the impact on its consolidated financial statements to be immaterial.

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

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern* (Subtopic 205-40). This is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date financial statements are issued. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company does not expect that the adoption of this standard will have a material effect on its financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This topic converges the guidance within U.S. GAAP and IFRS. The new standard intends to simplify the presentation of debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The new standard will more closely align the presentation of debt issuance costs under U.S. GAAP with the presentation under comparable IFRS. The new guidance is effective for annual reporting periods beginning after December 15, 2015, including interim reporting periods within that reporting period and early application is permitted. Accordingly, the Company plans to adopt the provisions of this new accounting standard at the beginning of fiscal year 2016, and is currently assessing the impact on its consolidated financial statements.

2. 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 months ended April 4, 2015 and March 29, 2014:

	Three Months Ended	
	April 4, 2015	March 29, 2014
<i>Cost of sales</i>		
Restructuring costs	\$ 9,844 (a)	2,059
Acquisition integration-related costs	132	3,578
Restructuring and integration-related costs	<u>\$ 9,976</u>	<u>5,637</u>
<i>Selling, general and administrative expenses</i>		
Restructuring costs	\$ 1,173 (a)	2,602
Acquisition integration-related costs	1,380	3,486
Restructuring, acquisition and integration-related costs	<u>\$ 2,553</u>	<u>6,088</u>

(a) The restructuring costs for 2015 and 2014 primarily relate to the Company's actions taken to lower its cost structure and improve efficiencies of manufacturing and distribution operations as the Company adjusted to changing economic conditions as well as actions related to the Company's acquisition of Marazzi and Spano. In 2015 restructuring costs included accelerated depreciation of \$4,360.

The restructuring activity for the three months ended April 4, 2015 is as follows:

	Lease impairments	Asset write- downs	Severance	Other restructuring costs	Total
Balance as of December 31, 2014	\$ 1,741	—	3,037	100	4,878
Provision - Carpet segment	1,877	2,556	—	—	4,433
Provision - Ceramic segment	—	869	—	(194)	675
Provision - Laminate and Wood segment	—	4,360	1,331	218	5,909
Cash payments	(1,358)	—	(1,256)	(570)	(3,184)
Non-cash items	—	(7,785)	—	595	(7,190)
Balance as of April 4, 2015	<u>\$ 2,260</u>	<u>—</u>	<u>3,112</u>	<u>149</u>	<u>5,521</u>

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

3. Receivables, net

Receivables, net are as follows:

	April 4, 2015	December 31, 2014
Customers, trade	\$ 1,164,732	1,081,493
Income tax receivable	9,993	12,301
Other	56,239	60,772
	<u>1,230,964</u>	<u>1,154,566</u>
Less: allowance for discounts, returns, claims and doubtful accounts	72,106	72,603
Receivables, net	<u>\$ 1,158,858</u>	<u>1,081,963</u>

4. Inventories

The components of inventories are as follows:

	April 4, 2015	December 31, 2014
Finished goods	\$ 1,004,525	1,021,188
Work in process	129,823	129,471
Raw materials	371,284	392,654
Total inventories	<u>\$ 1,505,632</u>	<u>1,543,313</u>

5. Goodwill and intangible assets

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

Goodwill:

	Carpet segment	Ceramic segment	Laminate and Wood segment	Total
Balance as of December 31, 2014				
Goodwill	\$ 199,132	1,395,132	1,337,513	2,931,777
Accumulated impairment losses	(199,132)	(531,930)	(596,363)	(1,327,425)
	<u>\$ —</u>	<u>863,202</u>	<u>741,150</u>	<u>1,604,352</u>
Goodwill recognized or adjusted during the period	\$ —	—	2,659	2,659
Currency translation during the period	—	(1,185)	(52,671)	(53,856)
Balance as of April 4, 2015				
Goodwill	199,132	1,393,947	1,287,501	2,880,580
Accumulated impairment losses	(199,132)	(531,930)	(596,363)	(1,327,425)
	<u>\$ —</u>	<u>862,017</u>	<u>691,138</u>	<u>1,553,155</u>

During the first quarter of 2015, the Company acquired certain assets of a distribution business in the Laminate and Wood segment for \$2,822, resulting in a preliminary goodwill allocation of \$2,659.

Intangible assets not subject to amortization:

	Tradenames
Balance as of December 31, 2014	\$ 622,691
Currency translation during the period	(30,653)
Balance as of April 4, 2015	<u>\$ 592,038</u>

Intangible assets subject to amortization:

Gross carrying amounts:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2014	\$ 354,768	270,466	1,479	626,713
Currency translation during the period	(20,157)	(26,351)	(15)	(46,523)
Balance as of April 4, 2015	\$ 334,611	244,115	1,464	580,190

Accumulated amortization:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2014	\$ 320,851	225,875	669	547,395
Amortization during the period	1,671	3,405	30	5,106
Currency translation during the period	(20,014)	(22,095)	(10)	(42,119)
Balance as of April 4, 2015	\$ 302,508	207,185	689	510,382

Intangible assets subject to amortization, net	\$ 32,103	36,930	775	69,808
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	Three Months Ended	
	April 4, 2015	March 29, 2014
Amortization expense	\$ 5,106	6,038

6. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

	April 4, 2015	December 31, 2014
Outstanding checks in excess of cash	\$ 25,812	16,083
Accounts payable, trade	634,264	622,360
Accrued expenses	262,121	269,668
Product warranties	32,415	29,350
Accrued interest	12,180	28,365
Accrued compensation and benefits	119,013	138,683
Total accounts payable and accrued expenses	\$ 1,085,805	1,104,509

7. Product warranties

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

The activity related to warranty obligations is as follows:

	Three Months Ended	
	April 4, 2015	March 29, 2014
Balance at beginning of period	\$ 29,350	35,818
Warranty claims paid during the period	(8,475)	(14,024)
Warranty expense during the period	11,540	11,466
Balance at end of period	\$ 32,415	33,260

8. Accumulated other comprehensive income (loss)

The changes in accumulated other comprehensive income by component, net of tax, for the three months ended April 4, 2015 are as follows:

	Foreign currency translation adjustments	Pensions (1)	Total
Balance as of December 31, 2014	\$ (428,505)	(816)	(429,321)
Current period other comprehensive income (loss) before reclassifications	(226,159)	86	(226,073)
Balance as of April 4, 2015	\$ (654,664)	(730)	(655,394)

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost (refer to Note 13 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014).

9. Stock-based compensation

The Company recognizes compensation expense for all share-based payments granted based on the grant-date fair value estimated in accordance with the provisions of the FASB ASC 718-10. Compensation expense is recognized on a straight-line basis over the options' or other awards' estimated lives for fixed awards with ratable vesting provisions.

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

The Company did not grant any options for the three months ended April 4, 2015 and March 29, 2014. The Company recognized stock-based compensation costs related to stock options of \$155 (\$98 net of taxes) and \$283 (\$179 net of taxes) for the three months ended April 4, 2015 and March 29, 2014, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. Pre-tax unrecognized compensation expense for stock options granted to employees and outside directors, net of estimated forfeitures, was \$90 as of April 4, 2015, and will be recognized as expense over a weighted-average period of approximately 1.39 years.

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

The Company granted 158 RSUs at a weighted-average grant-date fair value of \$182.99 per unit for the three months ended April 4, 2015. The Company granted 189 RSUs at a weighted-average grant-date fair value per unit of \$144.75 for the three months ended March 29, 2014. The Company recognized stock-based compensation costs related to the issuance of RSUs of \$8,281 (\$5,246 net of taxes) and \$7,331 (\$4,644 net of taxes) for the three months ended April 4, 2015 and March 29, 2014, 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 \$47,047 as of April 4, 2015, and will be recognized as expense over a weighted-average period of approximately 2.31 years.

10. Other (income) expense, net

Other (income) expense is as follows:

	Three Months Ended	
	April 4, 2015	March 29, 2014
Foreign currency (gains) losses, net	\$ (457)	5,889
All other, net	(626)	(999)
Total other (income) expense, net	<u>\$ (1,083)</u>	<u>4,890</u>

11. Earnings per share

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

	Three Months Ended	
	April 4, 2015	March 29, 2014
Earnings from continuing operations attributable to Mohawk Industries, Inc.	<u>\$ 22,346</u>	<u>81,081</u>
Weighted-average common shares outstanding-basic and diluted:		
Weighted-average common shares outstanding—basic	72,988	72,742
Add weighted-average dilutive potential common shares—options to purchase common shares and RSUs, net	542	540
Weighted-average common shares outstanding-diluted	<u>73,530</u>	<u>73,282</u>
Earnings per share from continuing operations attributable to Mohawk Industries, Inc.		
Basic	<u>\$ 0.31</u>	<u>1.11</u>
Diluted	<u>\$ 0.30</u>	<u>1.11</u>

12. Segment reporting

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

The accounting policies for each operating segment are consistent with the Company's policies for the consolidated financial statements. Amounts disclosed for each segment are prior to any elimination or consolidation entries. Corporate

general and administrative expenses attributable to each segment are estimated and allocated accordingly. Segment performance is evaluated based on operating income.

Segment information is as follows:

	Three Months Ended	
	April 4, 2015	March 29, 2014
Net sales:		
Carpet segment	\$ 739,264	674,926
Ceramic segment	719,828	695,094
Laminate and Wood segment	448,398	468,008
Intersegment sales	(26,313)	(24,933)
	<u>\$ 1,881,177</u>	<u>1,813,095</u>
Operating income (loss):		
Carpet segment	\$ (89,994)	34,271
Ceramic segment	85,327	60,659
Laminate and Wood segment	58,901	44,119
Corporate and intersegment eliminations	(10,460)	(8,314)
	<u>\$ 43,774</u>	<u>130,735</u>
	April 4, 2015	December 31, 2014
Assets:		
Carpet segment	\$ 2,015,550	1,986,081
Ceramic segment	3,584,471	3,542,594
Laminate and Wood segment	2,406,286	2,542,566
Corporate and intersegment eliminations	278,315	214,303
	<u>\$ 8,284,622</u>	<u>8,285,544</u>

13. 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.

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

In these actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. The direct purchaser class claimed damages from all of the defendants named in the lawsuit of up to approximately \$867,400. Any damages actually awarded at trial are subject to being tripled under US antitrust laws. The amount of damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

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

for the Sixth Circuit on September 29, 2014. The Company appealed the Sixth Circuit's order to the United States Supreme Court, which entered an order declining the review on March 2, 2015. Fact discovery in almost all cases is now complete and, in August 2014, the Company and other defendants filed motions for summary judgment against the direct purchaser class. In February 2015, the Court denied all summary judgment motions.

On April 23, 2015, the Court consolidated nine lawsuits involving non-class claims filed against the Company by direct purchasers of polyurethane foam. These consolidated cases have been scheduled for trial to begin August 18, 2015. The Company has agreements in principle to settle two of these cases and is preparing to file motions for summary judgment with respect to the remaining seven cases.

On March 23, 2015, the Company entered into an agreement to settle all claims brought by the class of direct purchasers, and on April 30, 2015, the Company entered into an agreement to settle all claims brought by the class of indirect purchasers. Both settlement agreements are subject to court approval, which the Company expects to receive. The Company continues to deny all allegations of wrongdoing but is settling to avoid the uncertainty, risk, expense and distraction of protracted litigation. The Company remains a defendant in a number of cases involving other purchasers of polyurethane foam products not sold by the Company. The amount of the damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

In December 2011, the Company was named as a defendant in a Canadian Class action, *Hi! Neighbor Floor Covering Co. Limited v. Hickory Springs Manufacturing Company, et al.*, filed in the Superior Court of Justice of Ontario, Canada and *Options Consommateurs v. Vitafoam, Inc. et al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which allege similar claims against the Company as raised in the U.S. actions and seek unspecified damages and punitive damages. The Company denies all of the allegations in these actions and will vigorously defend itself. The Company has reached an agreement in principle to settle the Canadian actions, but the settlement has not yet been finalized.

During the three months ended April 4, 2015 the Company has recorded a \$125,000 charge within selling, general and administrative expenses for the settlement and defense of the U.S. cases. The Company believes that adequate provisions for resolution of all of these cases have been made. These cases are subject to significant contingencies and uncertainties, and the Company is 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 the remaining cases will have a material adverse effect on its financial condition, but the resolution of such cases could have a material adverse effect on the Company's results of operations, cash flows or liquidity in a given quarter or year.

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

However on December 28, 2012, the Belgian tax authority issued assessments for the years ended December 31, 2005 and December 31, 2009, in the amounts of €46,135 and €35,567, respectively, including penalties, but excluding interest. The Company filed a formal protest during the first quarter of 2013 relating to the new assessments. In September 2013, the Belgian tax authority denied the Company's protests, and the Company has brought these two years before the Court of First Instance in Bruges.

In December 2013, the Belgian tax authority issued additional assessments related to the years ended December 31, 2006, 2007, and 2010, in the amounts of €38,817, €39,635, and €43,117, respectively, including penalties, but excluding interest. The Company filed formal protests during the first quarter of 2014, refuting the Belgian tax authority's position for each of the years assessed. In the quarter ended June 28, 2014, the Company received a formal assessment for the year ended December 31, 2008, totaling €30,131, against which the Company also submitted its formal protest. All 4 additional years were brought before the Court of First Appeal in November 2014.

In January of 2015, the Company met with the Court of First Appeal in Bruges and agreed with the Belgium tax authorities to consolidate and argue the issues regarding the years 2005 and 2009, and apply the ruling to all of the open years (to the extent there are no additional facts/procedural arguments in the other years).

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

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

14. Debt

Senior Credit Facility

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

On March 26, 2015, the Company amended and restated the 2013 Senior Credit Facility increasing its size from \$1,000,000 to \$1,800,000 and extending the maturity from September 25, 2018 to March 26, 2020 (the "2015 Senior Credit Facility"). The 2015 Senior Credit Facility eliminates certain provisions in the 2013 Senior Credit Facility, including those that: (a) accelerated the maturity date to 90 days prior to the maturity of senior notes due in January 2016 if certain specified liquidity levels were not met; and (b) required that certain subsidiaries guarantee the Company's obligations if the Company's credit ratings fell below investment grade. The 2015 Senior Credit Facility also modified certain negative covenants to provide the Company with additional flexibility, including that to make acquisitions and incur indebtedness.

At the Company's election, revolving loans under the 2015 Senior Credit Facility bear interest at annual rates equal to either (a) LIBOR for 1, 2, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 1.00% and 1.75%, or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, and a monthly LIBOR rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75%. The Company also pays a commitment fee to the Lenders under the 2015 Senior Credit Facility on the average amount by which the aggregate commitments of the Lenders exceed utilization of the 2015 Senior Credit Facility ranging from 0.10% to 0.225% per annum. 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 2015 Senior Credit Facility are unsecured.

The 2015 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. These limitations are subject to exceptions. The Company is also required to maintain a Consolidated Interest Coverage Ratio of at least 3.0 to 1.0 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.0, each as of the last day of any fiscal quarter.

The 2015 Senior Credit Facility also contains customary representations and warranties and events of default, subject to customary grace periods.

The Company paid financing costs of \$2,528 in connection with its 2015 Senior Credit Facility. These costs were deferred and, along with unamortized costs of \$8,654 related to the Company's 2013 Senior Credit Facility, are being amortized over the term of the 2015 Senior Credit Facility.

As of April 4, 2015, amounts utilized under the 2015 Senior Credit Facility included \$6,640 of borrowings and \$1,381 of standby letters of credit related to various insurance contracts and foreign vendor commitments. The outstanding borrowings

of \$657,100 under its commercial paper program as of April 4, 2015 are a reduction of the availability of the 2015 Senior Credit Facility. The Company has utilized \$665,121 under the 2015 Senior Credit Facility resulting in a total of \$1,134,879 available under the 2015 Senior Credit Facility.

Commercial Paper

On February 28, 2014, the Company established a commercial paper program for the issuance of unsecured commercial paper in the United States capital markets. Under the commercial paper program, the Company issues commercial paper notes from time to time in an aggregate amount not to exceed \$1,000,000 outstanding at any time, subject to availability under the 2015 Senior Credit Facility, which the Company uses as a liquidity backstop. The commercial paper notes will have maturities ranging from one day to 397 days and will not be subject to voluntary prepayment by the Company or redemption prior to maturity. The commercial paper notes will rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

The proceeds from the sale of commercial paper notes will be available for general corporate purposes. The Company used the initial proceeds from the sale of commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. As of April 4, 2015, the amount utilized under the commercial paper program was \$657,100 with a weighted-average interest rate and maturity period of 0.60% and 27 days, respectively.

Senior Notes

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

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

On August 15, 2014, the Company purchased for cash approximately \$200,000 aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 107.73% of the principal amount, resulting in a premium to redeeming noteholders of approximately \$15,450 and fees of \$1,080 associated with the redemption. The premium as well as the fees are included in interest expense on the condensed consolidated statement of operations for the three months ended April 4, 2015.

On November 3, 2014, the Company purchased for cash approximately \$54,400 aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 106.38% of the principal amount, resulting in a premium to redeeming noteholders of approximately \$3,500. The premium is included in interest expense on the condensed consolidated statement of operations as at April 4, 2015.

Accounts Receivable Securitization

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

At April 4, 2015, the amount utilized under the Securitization Facility was \$492,900, which was secured by \$747,879 of Receivables.

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

	April 4, 2015		December 31, 2014	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.85% senior notes, payable February 1, 2023; interest payable semiannually	\$ 603,804	600,000	603,180	600,000
6.125% notes, payable January 15, 2016; interest payable semiannually	670,738	645,555	677,833	645,555
Commercial paper	657,100	657,100	301,600	301,600
Five-year senior secured credit facility, due March 26, 2020	6,640	6,640	195,665	195,665
Securitization facility	492,900	492,900	500,000	500,000
Capital leases and other	10,060	10,060	10,620	10,620
Total debt	2,441,242	2,412,255	2,288,898	2,253,440
Less current portion of long term debt and commercial paper	1,806,175	1,806,175	851,305	851,305
Long-term debt, less current portion	\$ 635,067	606,080	1,437,593	1,402,135

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

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

Overview

Mohawk Industries, Inc. ("Mohawk" or the "Company") is a leading global flooring manufacturer that creates products to enhance residential and commercial spaces around the world. The Company's vertically integrated manufacturing and distribution processes provide competitive advantages in carpet, rugs, ceramic tile, laminate, wood, stone and vinyl flooring. The Company's industry-leading innovation has yielded products and technologies that differentiate its brands in the marketplace and satisfy all flooring related remodeling and new construction requirements. The Company's brands are among the most recognized in the industry and include American Olean[®], Bigelow[®], Daltile[®], Durkan[®], Karastan[®], Kerama Marazzi[®], Lees[®], Marazzi[®], Mohawk[®], Pergo[®], Quick-Step[®] and Unilin[®]. During the past decade, the Company has transformed its business from an American carpet manufacturer into the world's largest flooring company with operations in Australia, Brazil, Canada, Europe, Malaysia, Mexico, Russia and the United States. The Company had annual net sales in 2014 of \$7.8 billion.

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

For the three months ended April 4, 2015, net earnings attributable to the Company were \$22.3 million, or diluted earnings per share ("EPS") of \$0.30, compared to the net earnings attributable to the Company of \$81.1 million, or diluted EPS of \$1.11, for the three months ended March 29, 2014. The decrease in diluted EPS for the three months ended April 4, 2015 was primarily attributable to a \$125 million charge related to the settlement and further defense of the polyurethane foam litigation described in more detail herein, increases in new product introductions and geographic expansion, the net impact of unfavorable foreign exchange rates, the unfavorable net impact of price and product mix, increased employee and benefit costs, partially offset by increased sales volumes, increases in operations productivity, lower taxes due to the geographic dispersion of earnings and losses for the quarter, lower other expenses due to the favorable impact of unrealized foreign exchange rates on transactions and lower interest expense.

Recent Events

On January 13, 2015, Mohawk and its subsidiary, Unilin BVBA, entered into a share purchase agreement with Enterhold S.A., a Luxembourg limited liability company and International Flooring Systems S.A., a Luxembourg limited liability company (the "IVC Group") to acquire all of the outstanding shares of the IVC Group for an estimated transaction value of approximately €1.0 billion, subject to certain adjustments set forth in the share purchase agreement. The IVC Group is a global manufacturer, distributor and marketer of vinyl flooring products including luxury vinyl tile with 2014 revenues of approximately €600 million. The IVC acquisition will position Mohawk as a major participant in both the fast growing LVT category and the expanding fiberglass sheet vinyl business. The closing of the transaction is subject to customary closing conditions and approval of the transaction by the relevant competition authorities.

On February 5, 2015, the Company signed a share purchase agreement to acquire a 90% ownership interest in an eastern European ceramic tile floor manufacturer for approximately €175 million, subject to certain adjustments set forth in the share purchase agreement. The manufacturer has a low cost position in the Bulgarian and Romanian markets. The combination with Mohawk will present opportunities to enhance the product offering, upgrade technology and expand exports to other countries. The closing of the transaction is subject to customary closing conditions and approval of the transaction by the relevant competition authorities.

Results of Operations

Quarter Ended April 4, 2015, as compared with Quarter Ended March 29, 2014

Net sales

Net sales for the three months ended April 4, 2015 were \$1,881.2 million, reflecting an increase of \$68.1 million, or 3.8%, from the \$1,813.1 million reported for the three months ended March 29, 2014. The increase was primarily attributable to , favorable impact of additional shipping days in the first quarter of 2015 of approximately \$105 million, higher sales volume of approximately \$93 million and the favorable net impact of price and product mix of approximately \$7 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately \$137 million.

Carpet segment—Net sales increased \$64.3 million, or 9.5%, to \$739.3 million for the three months ended April 4, 2015, compared to \$674.9 million for the three months ended March 29, 2014. The increase was primarily attributable to the favorable impact of additional shipping days in the first quarter of 2015 of approximately \$41 million, higher sales volume of approximately \$39 million, partially offset by the unfavorable net impact of price and product mix of approximately \$15 million. The volume increases were primarily attributable to increases in residential new construction.

Ceramic segment—Net sales increased \$24.7 million, or 3.6%, to \$719.8 million for the three months ended April 4, 2015, compared to \$695.1 million for the three months ended March 29, 2014. The increase was primarily attributable to the favorable impact of additional shipping days in the first quarter of 2015 of approximately \$37 million, higher sales volume of approximately \$31 million, and the favorable net impact of price and product mix of approximately \$23 million, offset by the net impact of unfavorable foreign exchange rates of approximately \$67 million. The volume increases were attributable to higher residential and commercial sales primarily in North America.

Laminate and Wood segment—Net sales decreased \$19.6 million, or 4.2%, to \$448.4 million for the three months ended April 4, 2015, compared to \$468.0 million for the three months ended March 29, 2014. The decrease was primarily attributable to the net impact of unfavorable foreign exchange rates of approximately \$70 million partially offset by the favorable impact of additional shipping days in the first quarter of 2015 of approximately \$27 million and higher sales volume of approximately \$25 million. The volume increases were primarily attributable to higher sales in Europe.

Gross profit

Gross profit for the three months ended April 4, 2015 was \$511.9 million (27.2% of net sales), an increase of \$30.6 million or 6.4%, compared to gross profit of \$481.4 million (26.5% of net sales) for the three months ended March 29, 2014. As a percentage of net sales, gross profit increased 70 basis points. The increase in gross profit dollars was primarily attributable to higher sales volume of approximately \$61 million, operations productivity of approximately \$22 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately \$34 million, the unfavorable net impact of price and product mix of approximately \$10 million, and and the unfavorable impact of higher restructuring, acquisition and integration-related costs of approximately \$5 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended April 4, 2015 were \$468.2 million (24.9% of net sales), compared to \$350.6 million (19.3% of net sales) for the three months ended March 29, 2014. As a percentage of net sales, selling, general and administrative expenses increased 560 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to a \$125 million charge related to the settlement and further defense of the polyurethane foam litigation described in more detail herein, increases in new product introductions and geographic expansion of approximately \$14 million, increased employee and benefit costs of approximately \$6 million, partially offset by the positive impact of foreign exchange rates of approximately \$21 million, lower restructuring, acquisition and integration-related costs of approximately \$4 million and increased productivity of approximately \$3 million.

Operating income

Operating income for the three months ended April 4, 2015 was \$43.8 million (2.3% of net sales) reflecting a decrease of \$87.0 million, or 66.5%, compared to operating income of \$130.7 million (7.2% of net sales) for the three months ended March 29, 2014. The decrease in operating income was attributable to a \$125 million charge related to the settlement and further defense of the polyurethane foam litigation described in more detail herein, increases in new product introductions and geographic expansion of approximately \$14 million and the net impact of unfavorable foreign exchange rates of approximately \$13 million, and the unfavorable net impact of price and product mix of approximately \$10 million, partially offset by increased sales volumes of approximately \$61 million and increases in operations productivity of approximately \$22 million.

Carpet segment—Operating loss was \$90.0 million ((12.2)% of segment net sales) for the three months ended April 4, 2015 reflecting a decrease of \$124.3 million compared to operating income of \$34.3 million (5.1% of segment net sales) for the three months ended March 29, 2014. The decrease in operating income was primarily attributable to a \$125 million charge related to the settlement and further defense of the polyurethane foam litigation described in more detail herein, the unfavorable net impact of price and product mix of approximately \$11 million, higher input costs of approximately \$8 million and 2015 restructuring actions and cost savings initiatives of approximately \$6 million, partially offset by increases in operations productivity of approximately \$14 million and sales volume increases of approximately \$14 million.

Ceramic segment—Operating income was \$85.3 million (11.9% of segment net sales) for the three months ended April 4, 2015 reflecting an increase of \$24.7 million compared to operating income of \$60.7 million (8.7% of segment net sales) for the three months ended March 29, 2014. The increase in operating income was primarily attributable to sales volume increases of approximately \$27 million, favorable net impact of price and product mix of approximately \$6 million and operations productivity of approximately \$5 million, partially offset by increases in new product introductions and geographic expansion of approximately \$10 million and the net impact of unfavorable foreign exchange rates of approximately \$5 million.

Laminate and Wood segment—Operating income was \$58.9 million (13.1% of segment net sales) for the three months ended April 4, 2015 reflecting an increase of \$14.8 million compared to operating income of \$44.1 million (9.4% of segment net sales) for the three months ended March 29, 2014. The increase in operating income was primarily attributable to higher sales volume of approximately \$20 million, lower input costs of approximately \$5 million, lower restructuring, acquisition and integration costs of \$3 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately \$8 million, the unfavorable net impact of price and product mix of approximately \$4 million.

Interest expense

Interest expense was \$16.4 million for the three months ended April 4, 2015, reflecting a decrease of \$5.6 million compared to interest expense of \$22.1 million for the three months ended March 29, 2014. The decrease was primarily attributable to the Company purchasing approximately \$254.5 million of the 6.125% senior notes in 2014.

Other (income) expense, net

Other income was \$1.1 million for the three months ended April 4, 2015, reflecting a favorable change of \$6.0 million compared to other expense of \$4.9 million for the three months ended March 29, 2014. The decrease was primarily attributable to the favorable impact of foreign exchange rates on transactions.

Income tax expense

For the three months ended April 4, 2015, the Company recorded income tax expense of \$5.9 million on earnings from continuing operations before income taxes of \$28.4 million for an effective tax rate of 20.8%, as compared to an income tax expense of \$22.7 million on earnings from continuing operations before income taxes of \$103.7 million, for an effective tax rate of 21.9% for the three months ended March 29, 2014. The difference in the effective tax rate for the comparative period is primarily attributable to the geographic dispersion of earnings and losses for the quarters.

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.

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Net cash used in operating activities in the first three months of 2015 was \$49.6 million, compared to net cash used in operating activities of \$71.0 million in the first three months of 2014. The increase was primarily attributable to changes in working capital, partially offset by lower earnings.

Net cash used in investing activities in the first three months of 2015 was \$109.1 million compared to net cash used in investing activities of \$122.1 million in the first three months of 2014. The decrease was primarily attributable to lower capital expenditures of \$16.3 million in the current year partially offset by acquisitions of \$3.3 million in the current year. Capital spending during the remainder of 2015 is expected to range from approximately \$300 million to \$350 million and is intended to support sales and income growth, promote new product innovations and upgrade the assets of the acquired businesses.

Net cash provided by financing activities in the first three months of 2015 was \$175.3 million compared to net cash provided by financing activities of \$213.0 million in the first three months of 2014. The change in cash provided by financing is primarily attributable to lower working capital needs of \$21.4 million and lower capital expenditures of \$16.3 million in the current quarter.

Senior Credit Facility

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

On March 26, 2015 the Company amended and restated the 2013 Senior Credit Facility increasing the facility from \$1,000.0 million to \$1,800.0 million and extending the maturity from September 25, 2018 to March 26, 2020 (the "2015 Senior Credit Facility"). The 2015 Senior Credit Facility eliminates certain provisions in the 2013 Senior Credit Facility, including those that: (a) accelerated the maturity date to 90 days prior to the maturity of senior notes due in January 2016 if certain specified liquidity levels were not met; and (b) required that certain subsidiaries guarantee the Company's obligations if the Company's credit ratings fell below investment grade. The 2015 Senior Credit Facility also modified certain negative covenants to provide the Company with additional flexibility, including that to make acquisitions and incur indebtedness.

At the Company's election, revolving loans under the 2015 Senior Credit Facility bear interest at annual rates equal to either (a) LIBOR for 1, 2, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 1.00% and 1.75%, or (b) the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds rate plus 0.5%, and a monthly LIBOR rate plus 1.0%, plus an applicable margin ranging between 0.00% and 0.75%. The Company also pays a commitment fee to the Lenders under the 2015 Senior Credit Facility on the average amount by which the aggregate commitments of the Lenders' exceed utilization of the 2015 Senior Credit Facility ranging from 0.10% to 0.225% per annum. The 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 2015 Senior Credit Facility are unsecured.

The 2015 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. These limitations are subject to exceptions. The Company is also required to maintain a Consolidated Interest Coverage Ratio of at least 3.0 to 1.0 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.0, each as of the last day of any fiscal quarter.

The 2015 Senior Credit Facility also contains customary representations and warranties and events of default, subject to customary grace periods.

The Company paid financing costs of \$2.5 million in connection with its 2015 Senior Credit Facility. These costs were deferred and, along with unamortized costs of \$8.7 million related to the Company's 2013 Senior Credit Facility, are being amortized over the term of the 2015 Senior Credit Facility.

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As of April 4, 2015, amounts utilized under the 2015 Senior Credit Facility included \$6.6 million of borrowings and \$1.4 million of standby letters of credit related to various insurance contracts and foreign vendor commitments. The outstanding borrowings of \$657.1 million under its commercial paper program as of April 4, 2015 are a reduction of the availability of the 2015 Senior Credit Facility. The Company has utilized \$665.1 million under the 2015 Senior Credit Facility resulting in a total of \$1,134.9 million available under the 2015 Senior Credit Facility.

Commercial Paper

On February 28, 2014, the Company established a commercial paper program for the issuance of unsecured commercial paper in the United States capital markets. Under the commercial paper program, the Company issues commercial paper notes from time to time in an aggregate amount not to exceed \$1,000.0 million outstanding at any time, subject to availability under the 2015 Senior Credit Facility, which the Company uses as a liquidity backstop. The commercial paper notes will have maturities ranging from one day to 397 days and will not be subject to voluntary prepayment by the Company or redemption prior to maturity. The commercial paper notes will rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

The proceeds from the sale of commercial paper notes will be available for general corporate purposes. The Company used the initial proceeds from the sale of commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. As of April 4, 2015, the amount utilized under the commercial paper program was \$657.1 million with a weighted-average interest rate and maturity period of 0.60% and 27 days, respectively.

Senior Notes

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

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

On August 15, 2014, the Company purchased for cash approximately \$200.0 million aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 107.73% of the principal amount, resulting in a premium to redeeming noteholders of approximately \$15.5 million and fees of \$1.1 million associated with the redemption. The premium as well as the fees are included in interest expense on the condensed consolidated statement of operations for the three months ended April 4, 2015.

On November 3, 2014, the Company purchased for cash approximately \$54.4 million aggregate principal amount of its outstanding 6.125% senior notes due January 15, 2016 at a price equal to 106.38% of the principal amount, resulting in a premium to redeeming noteholders of approximately \$3.5 million. The premium is included in interest expense on the condensed consolidated statement of operations as at April 4, 2015.

Accounts Receivable Securitization

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

At April 4, 2015, the amount utilized under the Securitization Facility was \$492.9 million, which was secured by \$747.9 million of Receivables.

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

As of April 4, 2015, the Company had cash of \$107.0 million, of which \$79.3 million was held outside the United States. While the Company's plans are to permanently reinvest the cash held outside the United States, the estimated cost of repatriation for the cash as of April 4, 2015 was approximately \$27.7 million. The Company believes that its cash and cash equivalents on hand, cash generated from operations and availability under its 2015 Senior Credit Facility will be sufficient to meet its capital expenditure, working capital and debt servicing requirements over the next twelve months.

Contractual Obligations

Other than the 2015 Senior Credit Facility, which is described in detail herein, there have been no significant changes to the Company's contractual obligations as disclosed in the Company's 2014 Annual Report filed on Form 10-K.

Critical Accounting Policies and Estimates

There have been no significant changes to the Company's critical accounting policies and estimates during the period. The Company's critical accounting policies and estimates are described in its 2014 Annual Report filed on Form 10-K.

Recent Accounting Pronouncements

See Note 1, "General" in the Notes to Condensed Consolidated Financial Statements of this Form 10-Q under the heading "New 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.

Seasonality

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

Forward-Looking Information

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of April 4, 2015, approximately 55% of the Company's debt portfolio was comprised of fixed-rate debt and 45% was floating-rate debt. A 1.0 percentage point change in the interest rate of the floating-rate debt would not have a material impact on the Company's results of operations. There have been no other significant changes to the Company's exposure to market risk as disclosed in the Company's 2014 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

In these actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. The direct purchaser class claimed damages from all of the defendants named in the lawsuit of up to approximately \$867 million. Any damages actually awarded at trial are subject to being tripled under US antitrust laws. The amount of damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

In April 2011, the Company filed a motion to dismiss the class action claims brought by the direct purchasers, and in May 2011, the Company moved to dismiss the claims brought by the indirect purchasers. On July 19, 2011, the Court denied all defendants' motions to dismiss. On April 9, 2014, the Court certified the direct and indirect purchaser classes. The Company sought permission to appeal the certification order on April 24, 2014, and the petition was denied by the U.S. Court of Appeals for the Sixth Circuit on September 29, 2014. The Company appealed the Sixth Circuit's order to the United States Supreme Court, which entered an order declining the review on March 2, 2015. Fact discovery in almost all cases is now complete and, in August 2014, the Company and other defendants filed motions for summary judgment against the direct purchaser class. In February 2015, the Court denied all summary judgment motions.

On April 23, 2015, the Court consolidated nine lawsuits involving non-class claims filed against the Company by direct purchasers of polyurethane foam. These consolidated cases have been scheduled for trial to begin August 18, 2015. The Company has agreements in principle to settle two of these cases and is preparing to file motions for summary judgment with respect to the remaining seven cases.

On March 23, 2015, the Company entered into an agreement to settle all claims brought by the class of direct purchasers, and on April 30, 2015, the Company entered into an agreement to settle all claims brought by the class of indirect purchasers. Both settlement agreements are subject to court approval, which the Company expects to receive. The Company continues to deny all allegations of wrongdoing but is settling to avoid the uncertainty, risk, expense and distraction of protracted litigation. The Company remains a defendant in a number of cases involving other purchasers of polyurethane foam products not sold by the Company. The amount of the damages in the remaining cases varies or has not yet been specified by the plaintiffs. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs and injunctive relief against future violations.

In December 2011, the Company was named as a defendant in a Canadian Class action, *Hi! Neighbor Floor Covering Co. Limited v. Hickory Springs Manufacturing Company, et al.*, filed in the Superior Court of Justice of Ontario, Canada and *Options Consommateurs v. Vitafoam, Inc. et al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which allege similar claims against the Company as raised in the U.S. actions and seek unspecified damages and punitive damages. The Company denies all of the allegations in these actions and will vigorously defend itself. The Company has reached an agreement in principle to settle the Canadian actions, but the settlement has not yet been finalized.

During the three months ended April 4, 2015, the Company has recorded a \$125 million charge within selling, general and administrative expenses for the settlement and defense of the U.S. cases. The Company believes that adequate provisions for resolution of all of these cases have been made. These cases are subject to significant contingencies and uncertainties, and the Company is 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 the remaining cases will have a material adverse effect on its financial condition, but the resolution of such cases could have a material adverse effect on the Company's results of operations, cash flows or liquidity in a given quarter.

or year.

In January 2012, the Company received a €24 million assessment from the Belgian tax authority related to its year ended December 31, 2008, asserting that the Company had understated its Belgian taxable income for that year. The Company filed a formal protest in the first quarter of 2012 refuting the Belgian tax authority's position. The Belgian tax authority set aside the assessment in the third quarter of 2012 and refunded all related deposits, including interest income of €2 million earned on such deposits. However, on October 23, 2012, the Belgian tax authority notified the Company of its intent to increase the Company's taxable income for the year ended December 31, 2008 under a revised theory.

However on December 28, 2012, the Belgian tax authority issued assessments for the years ended December 31, 2005 and December 31, 2009, in the amounts of €46 million and €36 million, respectively, including penalties, but excluding interest. The Company filed a formal protest during the first quarter of 2013 relating to the new assessments. In September 2013, the Belgian tax authority denied the Company's protests, and the Company has brought these two years before the Court of First Instance in Bruges.

In December 2013, the Belgian tax authority issued additional assessments related to the years ended December 31, 2006, 2007, and 2010, in the amounts of €39 million, €40 million, and €43 million, respectively, including penalties, but excluding interest. The Company filed formal protests during the first quarter of 2014, refuting the Belgian tax authority's position for each of the years assessed. In the quarter ended June 28, 2014, the Company received a formal assessment for the year ended December 31, 2008, totaling €30 million, against which the Company also submitted its formal protest. All 4 additional years have been brought before the Court of First Appeal in November 2014.

In January of 2015, the Company met with the Court of First Appeal in Bruges and agreed with the Belgium tax authorities to consolidate and argue the issues regarding the years 2005 and 2009, and apply the ruling to all of the open years (to the extent there are no additional facts/procedural arguments in the other years).

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

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

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, 2014. The risk factors disclosed in our Annual Report on Form 10-K, in addition to the other information set forth in this report, could materially affect our business, financial condition or results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

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Item 5. Other Information

None.

Item 6. Exhibits

No.	Description
10.1	Fourth Amendment to Credit and Security Agreement and Omnibus Amendment, dated as of January 5, 2015, among Mohawk Factoring, LLC as borrower, Mohawk Servicing, LLC, as servicer, the lenders from time to time party thereto, the liquidity banks from time to time party thereto, the co-agents from time to time party thereto and SunTrust Bank, as administrative agent.
10.2*	Share Purchase Agreement, dated January 13, 2015, by and among Mohawk Industries, Inc., Unilin BVBA, Enterhold S.A., International Flooring Systems S.A. and, for certain limited purposes, Filiep Balcaen, an individual resident of Belgium (Incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 16, 2015).
10.3*	Amended and Restated Credit Facility, dated March 26, 2015, 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 herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-k dated March 27, 2015).
12.1	Ratio of Earnings to Fixed Charges
31.1	Certification Pursuant to Rule 13a-14(a).
31.2	Certification Pursuant to Rule 13a-14(a).
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Indicates exhibit incorporated by reference.

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: May 8, 2015 By: /s/ Jeffrey S. Lorberbaum
JEFFREY S. LORBERBAUM
Chairman and Chief Executive Officer
(principal executive officer)

Dated: May 8, 2015 By: /s/ Frank H. Boykin
FRANK H. BOYKIN
Chief Financial Officer
(principal financial officer)

**Amendment No. 4 to
Credit and Security Agreement**

This Amendment No. 4 to Credit and Security Agreement (this "*Amendment*"), dated as of January 5, 2015, is made by and among Mohawk Factoring, LLC, a Delaware limited liability company (the "*Borrower*"), Mohawk Servicing, LLC, a Delaware limited liability company (the "*Servicer*") the Lenders party hereto, the Liquidity Banks party hereto, the Co-Agents party hereto and SunTrust Bank, a Georgia banking corporation, as administrative agent (in such capacity, the "*Administrative Agent*").

WITNESSETH:

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

Whereas, the Borrower and the Servicer have requested that the Administrative Agent, the Lenders, the Liquidity Banks and the Co-Agents amend the Monthly Reporting Date and the Settlement Date, and the Administrative Agent, the Lenders, the Liquidity Banks and the Co-Agents are willing to do so under the terms of this Amendment;

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

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

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

Section 2.1. The defined term "*Monthly Reporting Date*" appearing in Exhibit I of the Credit and Security Agreement is hereby amended and restated in its entirety to read as follows:

"Monthly Reporting Date" means the Business Day set forth on Schedule D hereto.

Section 2.2. The defined term "*Settlement Date*" appearing in Exhibit I of the Credit and Security Agreement is hereby amended and restated in its entirety to read as follows:

"Settlement Date" means the 27th day of each calendar month, or if such day is not a Business Day, the next Business Day occurring thereafter.

Section 2.3. The Credit and Security Agreement is hereby amended by inserting a new Schedule D which shall read as set forth on Schedule D attached hereto.

Section 3. *Representations of the Borrower*. The Borrower hereby represents and warrants to the parties hereto that as of the date hereof each of the representations and warranties contained in the Credit and Security Agreement is true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); *provided*, that with respect to those contained in Section 5.1(a), (e), (f), (l), (u) and (w) of the Credit and Security Agreement, the determination of whether any Material Adverse Effect has occurred as set forth therein shall be made solely by the Borrower, in its reasonable, good faith judgment.

Section 4. *Conditions Precedent*. The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

- (a) Administrative Agent shall have received a fully executed counterpart of this Amendment;
- (b) Administrative Agent shall have received an executed copy of the Amendment to the Wells Fargo Bank, National Association Deposit Account Control Agreement;
- (c) each representation and warranty of the Borrower contained herein shall be true and correct; and
- (d) no Amortization Event shall have occurred and be continuing.

Section 5. *Amendment*. The parties hereto hereby agree that the provisions and effectiveness of this Amendment shall apply to the Credit and Security Agreement as of the date hereof. Except as amended by this Amendment, the Credit and Security Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

Section 6. *Counterparts*. This Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7. *Captions*. The headings of the Sections of this Amendment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

Section 8. *Successors and Assigns*. The terms of this Amendment shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 9. *Severability*. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. *Governing Law and Jurisdiction.* The provisions of the Credit and Security Agreement with respect to governing law and consent to jurisdiction are incorporated in this Amendment by reference as if such provisions were set forth herein.

[Signatures appear on following page.]

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

Mohawk Factoring, LLC, as Borrower

By: /s/ John J Koach

Name: John J Koach

Title: Secretary

Mohawk Servicing, LLC, as Servicer

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President-Treasurer

SunTrust Bank, as a Non-Conduit Lender

By: /s/ David Hufnagel

Name: David Hufnagel

Title: Vice President

SunTrust Bank, as Co-Agent and Administrative Agent

By: /s/ David Hufnagel

Name: David Hufnagel

Title: Vice President

Victory Receivables Corporation

By: /s/ David V. DeAngelis

Name: David V. DeAngelis

Title: Vice President

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Co-Agent

By: /s/ Van Dusenbury

Name: Van Dusenbury

Title: Managing Director

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Victory Liquidity Bank

By: /s/ Maria Iarriccio

Name: Maria Iarriccio

Title: Director

Working Capital Management Co., L.P., as Conduit

By: /s/ Takashi Watanabe

Name: Takashi Watanabe

Title: Attorney-in-Fact

Mizuho Bank, Ltd., as WCM Liquidity Bank and as Co-Agent

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Authorized Signatory

PNC Bank, National Association, as a Non- Conduit Lender and as Co-Agent

By: /s/ Mark Falcione

Name: Mark Falcione

Title: Executive Vice President

Address: PNC Bank, National Association
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2724

Attention: Stephen Ritchey
Telephone: (412) 768-5318
Fax: (412) 705-1225
Email: stephen.ritchey@pnc.com

With a copy to:

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

Wells Fargo Bank, National Association, as a Non-Conduit Lender and as Co-Agent

By: /s/ Eero Maki

Name: Eero Maki
Title: SVP

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

PERFORMANCE GUARANTOR'S ACKNOWLEDGMENT AND CONSENT

The undersigned, Mohawk Industries, Inc., has heretofore executed and delivered the Performance Undertaking dated as of December 19, 2012 (the "*Performance Undertaking*") and hereby consents to the Amendment No. 4 to the Credit and Security Agreement as set forth above and confirms that the Performance Undertaking and all of the undersigned's obligations thereunder remain in full force and effect. The undersigned further agrees that the consent of the undersigned to any further amendments to the Credit and Security Agreement shall not be required as a result of this consent having been obtained, except to the extent, if any, required by the Performance Undertaking referred to above.

MOHAWK INDUSTRIES, INC.

By: /s/ Shailesh Bettadapur

Name: Shailesh Bettadapur

Title: Vice President-Treasurer

SCHEDULE D

MONTHLY REPORTING DATES

Fiscal Month End	Monthly Reporting Date
December 2014	January 20, 2015
January 2015	February 24, 2015
February 2015	March 24, 2015
March 2015	April 21, 2015
April 2015	May 27, 2015
May 2015	June 23, 2015
June 2015	July 21, 2015
July 2015	August 25, 2015
August 2015	September 22, 2015
September 2015	October 20, 2015
October 2015	November 24, 2015
November 2015	December 22, 2015
December 2015	January 19, 2016

Statement Regarding Computation of Earnings to Fixed Charges
(In Thousands, Except Ratio Data)

Year Ended December 31,

	2010	2011	2012	2013	2014	Three Months Ended, April 4, 2015 (3)
Fixed rent expense	\$ 105,976	103,416	97,587	116,541	114,529	28,359
Principal	70,651	68,944	65,058	77,694	76,353	18,906
Interest	35,325	34,472	32,529	38,847	38,176	9,453
Total	\$ 105,976	103,416	97,587	116,541	114,529	28,359
Fixed charges:						
Portion of rent expense representative of interest	35,325	34,472	32,529	38,847	38,176	9,453
Capitalized interest	4,240	6,197	4,577	8,167	9,202	2,009
Interest expensed	133,151	101,617	74,713	92,246	98,207	16,449
Total fixed charges (1)	\$ 172,716	142,286	111,819	139,260	145,585	27,911
Earnings (2) :						
Earnings before income taxes	192,648	199,874	304,492	445,571	663,891	28,408
Fixed charges	172,716	142,286	111,819	139,260	145,585	27,911
Amortization of capitalized interest	5,178	5,607	5,404	5,502	6,182	1,316
less:						
Capitalized interest	(4,240)	(6,197)	(4,577)	(8,167)	(9,202)	(2,009)
Total earnings	\$ 366,303	341,570	417,138	582,166	806,456	55,626
Ratio of earnings to fixed charges	2.1	2.4	3.7	4.1	5.5	1.9

(1) Fixed charges are defined as interest expensed and capitalized plus an estimate of interest within rental expense

(2) Earnings consists of earnings from continuing operations before income taxes plus fixed charges and amortization of capitalized interest less total capitalized interest

(3) Earnings for the three months ended April 4, 2015 (as defined in Note (2) above) reflects a \$125,000 charge related to the settlement and further defense of the polyurethane foam litigation described in more detail in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2015. Excluding the litigation-related charge, earnings for the quarter would be \$153,000 and the ratio of earnings to fixed charges would be 6.4.

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: May 8, 2015

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

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: May 8, 2015

/s/ Frank H. Boykin

Frank H. Boykin
Chief Financial Officer

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 April 4, 2015 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

May 8, 2015

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 April 4, 2015 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

May 8, 2015

