

MOHAWK INDUSTRIES, INC. BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES

THE MISSION OF THE MOHAWK BOARD OF DIRECTORS

The Board of Directors (the “Board”) of Mohawk Industries, Inc. (“Mohawk” or the “Company”) represents the stockholders’ interests in perpetuating and increasing the value of the business enterprise, including optimizing long-term financial returns. The Board is responsible for ensuring that management is capably executing its duties by regularly monitoring the effectiveness of management policies and decisions, including the execution of the Company’s strategic plan.

In fulfilling its obligation to enhance stockholder value, the Board is permitted to consider the interests of the following constituencies important to Mohawk’s success: Mohawk’s customers, employees, suppliers and the communities where it operates.

Unless the context otherwise requires, “Mohawk” or the “Company” shall include Mohawk and its subsidiaries and affiliated companies.

SELECTION OF THE BOARD

1) Board Membership Criteria

The Nominating and Corporate Governance Committee should annually review with the Board the appropriate experience, skills and characteristics desired of directors in the context of the current membership and candidates for membership of the Board. The committee shall consider, among other factors, each director’s business experience, technical skills, industry expertise, gender, race, ethnicity and nationality, leadership qualities, character and record of good judgment in connection with the evaluation of each director. The Board seeks a diverse group of the most capable directors to make a significant contribution to the Board, the Company and its stockholders.

2) Selection of New Directors

The Board itself should be responsible for selecting its own nominees and recommending them for election by the stockholders. The Board delegates the screening process necessary to identify qualified candidates to the Nominating and Corporate Governance Committee, including consultation with the Chair of the Board and the Chief Executive Officer.

3) Orientation and Continuing Education

New directors are provided with a complete orientation process, which includes comprehensive information regarding the Company’s business and operations, information regarding the industry in which the Company operates and other background material, meetings with senior management and visits to Company facilities. As a part of the Company’s continuing education efforts, supplemental information is provided to directors from time to time and meetings of the Board are held from time to time in alternate locations to provide the directors an opportunity to become familiar with additional Company facilities.

BOARD LEADERSHIP

4) Positions of Chair and Chief Executive Officer

The Board has the responsibility to fill these leadership positions as it deems best for the Company at a given point in time. The Board's policy on whether the role of the Chair and Chief Executive Officer should be separate is to make this determination based on serving the best interests of the Company and its stockholders at any given time.

5) Lead Independent Director

If the Chair is not an independent director, the Board, after considering the recommendation of the Nominating and Corporate Governance Committee, annually shall elect an independent director to serve as Lead Independent Director. The Lead Independent Director shall be elected by the independent directors and shall serve a term of one year.

The Lead Independent Director is responsible for the management, development and effective functioning of the Board and provides leadership in every aspect of its work. The Lead Independent Director acts in an advisory capacity to the Chair and/or Chief Executive Officer, as applicable, and to management in matters concerning the interests of the Company and the Board and relationships between management and the Board.

Specific responsibilities of the Lead Independent Director shall include:

- i. Preside at meetings of the Board at which the Chair is not present.
- ii. Preside at all executive sessions of the non-management directors. Meet separately with the Chair after executive sessions to review matters discussed during the executive sessions.
- iii. Facilitate communication on Board-related issues between the Chair and the independent directors. Each director, however, is free to communicate directly with the Chair.
- iv. Facilitate communication between the Board and management.
- v. Authority to call meetings of independent directors.
- vi. Suggest agenda items for meetings of the Board.
- vii. Review and approve the schedule for regular and special Board meetings and meetings of the non-management directors, and suggest agenda items for such meetings based on input from directors.

- viii. Review the schedule for meetings of the Board to help assure that there is sufficient time allocated for discussion of all agenda items and related decision-making.
- ix. Along with the Nominating & Corporate Governance Committee, ensure proper committee structure, including assignments of members and committee chairs.
- x. Lead the annual performance review of the Chief Executive Officer in conjunction with the Chair of the Compensation Committee.
- xi. Lead the Board's annual self-assessment.
- xii. Act as a resource for, and counsel to, the Chair.
- xiii. Perform and carry out such other duties as requested or assigned by the Chief Executive Officer and Board as a whole, depending on needs and circumstances.

BOARD COMPOSITION AND PERFORMANCE

6) Size of the Board

The Company's Restated Certificate of Incorporation, as amended, provides for between two and eleven members of the Board, with the exact number to be fixed by resolution of the Board. The Board will determine the number of members of the Board required from time to time to ensure that all of the core competencies required are possessed by the Board as a whole.

7) Mix of Management and Independent Directors

A majority of the members of the Board shall be "independent" directors in accordance with the Listed Company Manual of the New York Stock Exchange and such listing standards of any other applicable securities exchanges on which the Company's shares may be listed from time to time (together with such other requirements imposed by applicable law or regulation with respect to issuers of shares so listed), in each case as amended and in effect from time to time. In this regard, a director will be considered "independent" if the Board affirmatively determines that the director has no material relationships with Mohawk (either directly or as a partner, stockholder, or officer of an organization that has a relationship with Mohawk); provided, however, that, a director will not be determined to be independent if:

- i. within the last three years, either the director is or has been an employee of Mohawk or an immediate family member is or has been an executive officer of Mohawk;
- ii. during any twelve-month period within the last three years, the director or an immediate family member has received more than \$120,000 in direct compensation from Mohawk, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

- iii. the director or an immediate family member of the director is, or within the last three years was, either a partner at Mohawk's internal or external audit firm or an employee of such firm and personally is working or worked on Mohawk's audit;
- iv. within the last three years either the director or an immediate family member was an executive officer of another company where any of Mohawk's executive officers at the same time served or serves on that company's compensation committee; or
- v. the director is a current employee or an immediate family member is a current executive officer of a company that had transactions with Mohawk in which the aggregate payments involved were greater than \$1,000,000 or 2% of the other company's consolidated gross revenues during any of the last three fiscal years.

For purposes hereof, the term "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home.

8) Service on Other Boards of Directors

The Board does not believe that its members should be prohibited from serving on boards of other public companies so long as such service does not create any actual or potential material conflict of interest and does not impair the director's ability to effectively serve on the Board. To that end, the Board believes that members who are executive officers of publicly traded companies should not serve on more than two public company boards (inclusive of the Board) and other directors should not serve on more than four public company boards (inclusive of the Board). Prior to accepting an invitation to serve on another public company board of directors or committee of such board, directors should advise the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee.

9) Directors Who Change Their Present Job Responsibility

Directors who change the occupation they held when initially elected are expected to tender a letter of resignation to the Board. While the Board does not believe that directors who retire or change from the position they held when they joined the Board should necessarily leave the Board in every instance, the Nominating and Corporate Governance Committee, with input from the Chief Executive Officer, shall evaluate whether the Board should accept the resignation or whether the director should remain a director based on a review of the continued appropriateness of Board membership under the changed circumstances.

10) Term Limits

The Board has determined not to establish term limits. Directors who have served the Board for an extended period of time are often able to provide valuable contributions and insight into the operations of the Company based on their experience with and understanding of the Company's business, history and objectives.

The Nominating and Corporate Governance Committee, in conjunction with the Chief Executive Officer, will formally review each director's continuation on the Board shortly before the end of such director's then-current term. This review shall be conducted in connection with the consideration of nominations to the Board at the stockholder meeting at which such director's term shall expire.

11) Retirement Age

Subject to agreements that provide rights to designate directors, the Board believes that it is in the best interests of Mohawk that directors tender their resignation as of the end of the three-year term such director is serving on their 75th birthday. Upon receipt of any such resignation, the Nominating and Corporate Governance Committee shall evaluate whether to accept such resignation at its next regularly-scheduled meeting and provide its recommendation to the full Board, together with its recommendation for a potential replacement, if appropriate.

12) Board Compensation

Non-management directors receive compensation for their board service in the form of annual cash retainers, retainers for committee chairs, as applicable, and an annual equity grant. The Company's non-management director compensation program is designed to attract and retain highly qualified directors by ensuring that non-management director compensation is competitive relative to market practices, addresses the time, effort, expertise and accountability required of active Board membership, and aligns directors' interests with those of the stockholders through the significant equity component of the compensation program.

The Board has established a minimum share ownership requirement to ensure that the interests of each director are aligned with the interests of the Company's stockholders. Each director is expected to own five times his or her annual retainer within five years of his or her election to the Board.

The Compensation Committee shall suggest changes to the form and amount of non-management director compensation, if any, to the Board for approval.

Employee directors do not receive compensation for their Board service.

13) Executive Sessions of Non-Management Directors

All non-management directors shall meet in executive session outside the presence of the Chief Executive Officer and other Company personnel during a portion of each of the Board's in-person meetings. In addition, any non-management director may call an executive session of non-management directors at any time. The Lead Independent Director shall preside at each such executive session when present.

14) Board's Interaction with Institutional Investors and Other Stakeholders.

The Board believes that, as a general matter, management speaks for Mohawk. From time to time, it may be desirable for individual directors, at the request of management, to meet or

otherwise communicate with various constituencies that are involved with Mohawk. If comments from the Board are appropriate, such comments should come from the Chair unless the Board determines otherwise.

15) Assessing the Board's Performance

The Board and each committee shall conduct an annual self-evaluation of the performance of the Board and each committee. Such evaluations should generally include an assessment of the Board's and each committee's structure and procedures, as well as an assessment of the overall effectiveness of the Board and each committee. Each director shall also conduct an annual individual self-evaluation evaluating his or her experiences as they impact the full Board. In addition to the self-evaluations, at least annually, the Nominating and Corporate Governance Committee shall provide the Board with its assessment of the Board's performance. The Nominating and Corporate Governance Committee's assessment should review the Board's contribution as a whole and should identify areas for increased effectiveness.

16) Director Resignation Policy to Address Majority Voting

The Company's By-laws provide for directors to be elected by a vote of the majority of the votes cast in the case of an uncontested election and by a vote of a plurality of the shares present or represented by proxy and entitled to vote on the election of directors in the case of a contested election. If, in an uncontested election of directors, the votes cast "for" a director do not exceed the number of votes cast against the director, the Board expects such director to tender his or her resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with this policy. If an incumbent director fails to receive the required vote for re-election as outlined above, the Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days from the date of the certification of the director election results and will promptly disclose its decision in a filing with the Securities and Exchange Commission. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation.

BOARD RELATIONSHIP TO SENIOR MANAGEMENT AND INDEPENDENT ADVISORS

17) Board Access to Senior Management

Directors have complete access to Mohawk's management. Directors should use judgment to be sure that any contacts are not distracting to the business operation of the Company.

Furthermore, the Board encourages the attendance of members of senior management, from time to time, in Board meetings to: (a) provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) bring managers with high potential for advancement into contact with the Board.

18) Board Access to Independent Advisors

The Board or any Committee may retain, at such times and on such terms as the Board or Committee determines in its sole discretion and at the Company's expense, independent legal financial or other independent consultants or advisors, to advise and assist the Board or Committee in discharging its responsibilities.

MEETING PROCEDURES

19) Selection of Agenda Items for Board Meetings

The Chair, with input from the Lead Independent Director, will establish the agenda for each Board meeting. Each director is free to suggest the inclusion of item(s) on the agenda. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

20) Board Materials Distributed in Advance

Each director is expected to attend all meetings of the Board and of those committees on which the director serves. In advance of each Board or committee meeting, a proposed agenda and, to the extent feasible or appropriate, information and data that is important to an understanding of the business to be discussed, will be distributed to each director or member of the applicable committee. Management will make every attempt to see that this material is as brief as possible while still providing the desired information. When appropriate, the information distributed will include summaries or outlines of presentations to be given at the meeting. In this way, meeting time may be conserved and discussion time can be focused on questions that the Board has about the material.

BOARD COMMITTEES

21) Number, Structure and Independence of Committees

Currently, Mohawk has three standing committees, which are the Audit Committee, the Compensation Committee and Nominating and Corporate Governance Committee. All members of these three standing committees shall be "independent" directors within the meaning of Section 7 of these Corporate Governance Guidelines. Each of these committees has a written charter setting forth its responsibilities, duties and authority. The Board may establish from time to time such other committees as it determines appropriate.

22) Assignment of Committee Members

On an annual basis, the Nominating and Corporate Governance Committee shall, after consultation with the Chief Executive Officer, the Chair of the Board and the Lead Independent Director, and with consideration of the desires of individual directors, recommend to the full Board the assignment of directors to the committees.

23) Frequency and Length of Committee Meetings

Committee chairs, in consultation with committee members, will determine the frequency and length of the respective committee meetings. Each committee shall meet at least as frequently as is required by the terms of such committee's charter.

24) Committee Agenda

Committee chairs, in consultation with the appropriate members of senior management and staff, will develop the respective committee's agenda.

LEADERSHIP DEVELOPMENT

25) Formal Evaluation of the Chief Executive Officer

Each year, the Compensation Committee, with consultation of the Lead Independent Director, shall evaluate the performance of the Chief Executive Officer. In evaluating the Chief Executive Officer, the Compensation Committee shall take into consideration the executive's performance in both qualitative and quantitative areas, such as: leadership and vision; integrity; keeping the Board informed on matters affecting Mohawk and its affiliated subsidiaries; performance of the business (including such measurements as total stockholder return and achievement of financial objectives and goals); development and implementation of initiatives to provide long-term economic benefit to Mohawk, including acquisitions; and accomplishment of strategic objectives and development of management.

The evaluation will be communicated to the Chief Executive Officer by the Chair of the Compensation Committee and used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer for the subsequent year.

26) Succession Planning

There should be an annual report by the Chief Executive Officer to the Board on succession planning. The Chief Executive Officer's recommendation for his or her successor (as the result of an unexpected event) should be communicated to the Chairman of the Nominating and Corporate Governance Committee. The Chief Executive Officer should update the recommendation periodically.