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

FORM 10-K

[Mark One]

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

For the fiscal year ended December 31, 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	**52-1604305**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
160 S. Industrial Blvd., Calhoun, Georgia	**30701**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (706) 629-7721
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	**New York Stock Exchange**

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 definition 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	☐	Smaller reporting company	☐

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

The aggregate market value of the Common Stock of the Registrant held by non-affiliates (excludes beneficial owners of more than 10% of the Common Stock) of the Registrant (62,815,500 shares) on July 2, 2015 (the last business day of the Registrant's most recently completed fiscal second quarter) was $12,157,940,025. The aggregate market value was computed by reference to the closing price of the Common Stock on such date.

Number of shares of Common Stock outstanding as of February 23, 2016: 73,956,759 shares of Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the 2016 Annual Meeting of Stockholders-Part III.

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PART I

Item 1. Business

General

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, luxury vinyl tile ("LVT") and vinyl flooring. The Company's industry-leading innovation develops 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®, IVC™, Karastan®, Lees®, Marazzi®, Mohawk®, Pergo®, Quick-Step® and Unilin®. 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, India, Malaysia, Mexico, New Zealand, Russia and the United States. The Company had annual net sales in 2015 of $8.1 billion. Approximately 67% of this amount was generated by sales in the United States and approximately 33% was generated by sales outside the United States.

During the second quarter of 2015, the Company realigned its reportable segments to reflect how the Company’s results will be reported by management. The Company has reorganized its business into three segments, Global Ceramic, Flooring North America ("Flooring NA") and Flooring Rest of the World ("Flooring ROW"). In order to leverage its relationships and distribution capabilities, the Company organized its carpet, wood, laminate, LVT and vinyl operations by geography into the Flooring NA segment and Flooring ROW segment. The Company did not make any changes to the Global Ceramic segment, which includes the Company's ceramic, tile and stone operations. Previously reported segment results have been reclassified to conform to the current period presentation. The Global Ceramic, Flooring NA and the Flooring ROW segments contributed approximately 37%, 45% and 18%, respectively, of net sales in 2015. Selected financial information for the three segments, geographic net sales and the location of long-lived assets are set forth in Note 16-Segment Reporting.

The Global Ceramic segment designs, manufactures, sources, distributes and markets a broad line of ceramic tile, porcelain tile and natural stone products used in the residential and commercial markets for both remodeling and new construction. In addition, the Global Ceramic segment sources, markets and distributes other tile related products. The Global Ceramic segment markets and distributes its products under various brands, including the following brand names: American Olean, Daltile, KAI, Kerama Marazzi, Marazzi and Ragno®which it sells through independent distributors, home center retailers, individual floor covering retailers, ceramic specialists, commercial contractors and commercial end users. The Global Ceramic segment operations are vertically integrated from the production of raw material for body and glaze preparation to the manufacturing and distribution of ceramic and porcelain tile.

The Flooring NA segment designs, manufactures, sources, distributes and markets its floor covering product lines, in a broad range of colors, textures and patterns in the residential and commercial markets for both remodeling and new construction. The segment's product lines include carpets, rugs, carpet pad, hardwood, laminate and vinyl products including LVT. The Flooring NA segment markets and distributes its flooring products under various brands, including the following brand names: Aladdin®, Bigelow, Columbia Flooring®, Durkan, Horizon®, IVC, Karastan, Lees, Mohawk, Pergo, Portico®, QuickStep and SmartStrand® which it sells through independent floor covering retailers, distributors, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial contractors and commercial end users. Some products are also marketed through private labeling programs.

The Flooring ROW segment designs, manufactures, sources, distributes and markets laminate, hardwood flooring, roofing elements, insulation boards, medium-density fiberboard ("MDF"), chipboards, and vinyl flooring products, including LVT, used primarily in the residential and commercial markets for both remodeling and new construction. In addition, the Flooring ROW segment licenses certain patents related to flooring manufacturers throughout the world. The Flooring ROW segment markets and distributes its flooring products under various brands, including the following brand names: IVC, Moduleo, Pergo, Quick-Step and Unilin which it sells through retailers, wholesalers, independent distributors and home centers.

Recent Events

On May 12, 2015, the Company purchased approximately 90% of all outstanding shares of Advent KAI Luxembourg Holdings S.a r.l., a Luxembourg *societe a respsonsabilite limitee*, and its subsidiaries (collectively, the "KAI Group"), an eastern European ceramic tile floor manufacturer for $194.6 million. The KAI Group has a low cost position in the Bulgarian and Romanian markets. The combination with the Company will present opportunities to enhance the group's product offering, upgrade its technology and expand its exports to other countries. The KAI Group's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition.

On June 12, 2015, the Company completed the acquisition of International Flooring Systems S.A., a Luxembourg *societe anonyme*, and its subsidiaries (collectively, the “IVC Group”), a global manufacturer, distributor and marketer of vinyl flooring products, including LVT. The total value of the acquisition was $1.1 billion. The IVC Group acquisition will position the Company as a major participant in both the fast growing LVT category and the expanding fiberglass sheet vinyl business. The IVC Group's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition.

On December 7, 2015, the Company completed its purchase of Xtratherm Limited, an Irish company, and certain of its affiliates (collectively, "Xtratherm"), a manufacturer of insulation boards in Ireland, the UK and Belgium. The total value of the acquisition was $158.9 million. The Xtratherm acquisition will expand the Company's existing insulation board footprint to include Ireland and the UK while capitalizing on expanded product offerings in continental Europe. Xtratherm's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition. See Note 2-Acquisitions.

Sales and Distribution

Global Ceramic Segment

The Global Ceramic segment designs, manufactures, sources, distributes and markets a broad line of ceramic tile, porcelain tile and natural stone products. Products are distributed through various distribution channels including independent distributors, home center retailers, Company-operated service centers and stores, ceramic specialists, commercial contractors, Kerama Marazzi branded stores and directly to commercial end users. The business is organized to address the specific customer needs of each distribution channel with dedicated sales forces that support the various channels.

The Company provides customers with one of the ceramic tile industry’s broadest product lines—a complete selection of glazed floor tile, glazed wall tile, glazed and unglazed ceramic mosaic tile, porcelain tile, quarry tile and stone products, as well as installation products. In addition to products manufactured by the Company’s ceramic tile business, the Company also sources products from other manufacturers to enhance its product offering.

The Global Ceramic segment markets its products under the American Olean, Dal-Tile, KAI, Kerama Marazzi, Marazzi and Ragno brand names. These brands are supported by a fully integrated marketing program, displays, merchandising boards, literature, catalogs and internet websites. Innovative design, quality and response to changes in customer preference enhances recognition in the marketplace. The Company is focused on sales growth opportunities through innovative products and programs in both the residential and commercial channels for both remodeling and new construction.

The Global Ceramic segment utilizes various distribution methods including regional distribution centers, service centers, direct shipping and customer pick-up from manufacturing facilities. The segment’s sales forces are organized by product type and sales channels in order to best serve each type of customer. The Company believes its distribution methods for the Global Ceramic segment provide high-quality customer service and enhance its ability to plan and manage inventory requirements.

Flooring NA Segment

Through its Flooring NA segment, the Company designs, manufactures, sources, distributes and markets carpet, laminate, carpet pad, rugs, hardwood and vinyl, including LVT, in a broad range of colors, textures and patterns. The Flooring NA segment positions product lines in all price ranges and emphasizes quality, style, performance and service. The Flooring NA segment markets and distributes its product lines to independent floor covering retailers, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial contractors and commercial end users. Some products are also marketed through private labeling programs. Sales to residential customers represent a significant portion of the total industry and the majority of the segment's sales.

The Company has positioned its brand names across all price ranges. Aladdin, Mohawk, Horizon, IVC, Pergo, Portico, Quickstep, SmartStrand and Karastan are positioned to sell in the residential flooring markets. Aladdin Commercial, Bigelow, Lees and Karastan Contract are positioned to sell in the commercial market, which is made up of: corporate office space, education institutions, healthcare facilities, retail space and government facilities. The Company also sells into the Commercial Hospitality space for hotels and restaurants using its Durkan brand.

The segment's sales forces are generally organized by product type and sales channels in order to best serve each type of customer. Product delivery to independent dealers is done predominantly on Mohawk trucks operating from strategically positioned warehouses and cross-docks that receive inbound product directly from the source manufacturer.

Flooring ROW Segment

The Flooring ROW segment designs, manufactures, sources, licenses, distributes and markets laminate, hardwood and vinyl flooring, including LVT. It also designs and manufactures roofing elements, insulation boards, MDF, chipboards and other wood products. Products are distributed through separate distribution channels consisting of retailers, independent distributors, wholesalers and home centers. The business is organized to address the specific customer needs of each distribution channel.

The Flooring ROW segment markets and sells laminate, hardwood and vinyl flooring products under the IVC, Moduleo, Quick-Step, Pergo and Magnum brands. The Flooring ROW segment also sells private label laminate, hardwood and vinyl flooring products. The Company believes Quick-Step and Pergo are leading brand names in the European flooring industry. In addition, the Flooring ROW segment markets and sells insulation boards, roof panels, MDF and chipboards in Europe under the Unilin and Xtratherm brands. The segment also licenses its UNICLIC and other intellectual property to floor manufacturers throughout the world.

The Company uses regional distribution centers and direct shipping from manufacturing facilities to provide high-quality customer service and enhance the Company's ability to plan and manage inventory requirements.

Advertising and Promotion

The Company promotes its brands through advertising in television, print, social and internet media, as well as cooperative advertising, point-of-sale displays, sponsorship of a European cycling team and marketing literature. The Company also continues to rely on the substantial brand name recognition of its product lines. The cost of point-of-sale displays and product samples, a significant promotional expense, is partially offset by sales of samples to customers.

Manufacturing and Operations

Global Ceramic Segment

The Company's tile manufacturing operations are vertically integrated from the production of raw material for body and glaze preparation to the manufacturing and distribution of ceramic and porcelain tile. The Company believes that its manufacturing organization offers competitive advantages due to its ability to manufacture a differentiated product line consisting of one of the industry's broadest product offerings of colors, textures and finishes and its ability to utilize the industry's newest technology, as well as the industry's largest offering of trim and decorative pieces. In addition, the Global Ceramic segment also sources a portion of its product to supplement its product offerings. The Global Ceramic segment continues to invest in equipment that utilizes the latest technologies, which supports the Company's efforts to increase manufacturing capacity, improve efficiency, meet the growing demand for its innovative products and develop new capabilities.

Flooring NA Segment

The Company's carpet and rug manufacturing operations are vertically integrated and include the extrusion of triexta, nylon, polyester and polypropylene resins, as well as recycled post-consumer plastics into fiber. The Flooring NA segment is also vertically integrated in yarn processing, backing manufacturing, tufting, weaving, dyeing, coating and finishing.

The Company is also vertically integrated with significant manufacturing assets that produce laminate flooring, high density fiber board, engineered and pre-finished solid hardwood flooring, fiber-glass sheet vinyl, and luxury vinyl tile. The Flooring NA segment continues to invest in capital projects, such as the recently announced expansion of the Company's North American LVT manufacturing capacity. Other investments in state-of-the-art equipment support market growth, increase manufacturing efficiency and improve overall cost competitiveness.

Flooring ROW Segment

The Company's laminate and vinyl flooring manufacturing operations in Europe are vertically integrated. The Company believes its Flooring ROW segment has advanced equipment that results in competitive manufacturing in terms of cost and flexibility. In addition, the Flooring ROW segment has significant manufacturing capability for engineered wood flooring. The Flooring ROW segment continues to invest in capital expenditures, such as the recently announced LVT expansion, including new plants utilizing the latest advances in technologies to increase manufacturing capacity, improve efficiency and develop new capabilities including state-of-the-art, fully integrated LVT production which will leverage the Company's proven track record of bringing innovative and high-quality products to the market. The manufacturing facilities for roofing elements, insulation boards, MDF, chipboards and other wood products in the Flooring ROW segment are all configured for cost-efficient manufacturing and production flexibility and are competitive in the European market.

Inputs and Suppliers

Global Ceramic Segment

The principal raw materials used in the production of ceramic tile are clay, talc, industrial minerals and glazes. The Company has long-term clay mining rights in the U.S. and Russia that satisfy a portion of its clay requirements for producing tile. The Company also purchases a number of different grades of clay for the manufacture of its tile. The Company has entered into long-term supply agreements for a portion of its talc requirements. Glazes are used on a significant percentage of manufactured tiles. Glazes consist of frit (ground glass), zircon, stains and other materials, with frit being the largest ingredient. The Company manufactures a significant amount of its frit requirements. The Company believes that there is an adequate supply of all grades of clay, talc and industrial minerals that are readily available from a number of independent sources. If these suppliers were unable to satisfy the Company's requirements, the Company believes that alternative supply arrangements would be available.

Flooring NA Segment

The principal raw materials used in the production of carpet and rugs are nylon, triexta, polyester, polypropylene, recycled post-consumer plastics, synthetic backing materials, latex and various dyes and chemicals, the majority of which are petroleum based. The Company uses wood chips, wood veneers, lumber, and resins in its production of laminate and hardwood products. In its vinyl flooring operations, the Company uses plasticizers and pvc resins. Major raw materials used in the Company's manufacturing process are available from independent sources and the Company obtains most of its raw materials from major suppliers providing inputs to each major product category. If these suppliers were unable to satisfy the requirements, the Company believes that alternative supply arrangements would be available. Although the market for raw materials is sensitive to temporary disruptions, the North American flooring industry has not experienced a significant shortage of raw materials in recent years.

Flooring ROW Segment

The principal raw materials used in the production of boards, laminate and hardwood flooring are wood, paper and resins. The wood suppliers provide a variety of wood species giving the Company a cost-effective and secure supply of raw material. In its vinyl flooring operations, the Company uses glass fiber, plasticizers and pvc resins. Major raw materials used in the Company's manufacturing process are available from independent sources and the Company has long-standing relationships with a number of suppliers.

Industry and Competition

The Company is the largest flooring manufacturer in a fragmented industry composed of a wide variety of companies from small privately held firms to large multinationals. In 2014, the U.S. floor covering industry reported $21.8 billion in sales, up approximately 5.6% over 2013's sales of $20.7 billion. In 2014, the primary categories of flooring in the U.S., based on sales, were carpet and rug (49%), hardwood (15%), resilient (includes vinyl and LVT) and rubber (14%), ceramic tile (12%), stone (6%) and laminate (5%). In 2014, the primary categories of flooring in the U.S., based on square feet, were carpet and rug (56%), resilient (includes vinyl and LVT) and rubber (18%), ceramic tile (13%), hardwood (7%), laminate (5%) and stone (1%). Each of these categories is influenced by the residential construction, commercial construction, and residential remodeling markets. These markets are influenced by many factors including consumer confidence, spending for durable goods, interest rates, availability of credit, turnover in housing and the overall strength of the economy.

The principal methods of competition within the floor covering industry generally are service, style, quality, price, product innovation and technology. In each of the markets, price and market coverage are particularly important because there is limited differentiation among competing product lines. The Company's investments in manufacturing equipment, computer systems and distribution network, as well as the Company's marketing strategy, contribute to its ability to compete on the basis of performance, quality, style and service, rather than just price.

Global Ceramic Segment

Globally, the ceramic tile industry is significantly fragmented. Based on industry publications, the 2014 market sales globally for ceramic tile and stone surfaces was over $73 billion. The Company faces competition in the ceramic tile flooring market from a large number of foreign and domestic manufacturers who all compete for sales of ceramic tile to customers. The Company believes it is the largest manufacturer, distributor and marketer of ceramic tile in the world. The Company also believes it is the largest manufacturer and distributor of ceramic tile in the U.S.

Flooring NA Segment

The North American carpet and rug industry is highly competitive. Based on industry publications, the top five North American carpet and rug manufacturers (including their foreign divisions) in 2014 had carpet and rug sales in excess of $7 billion of the over $10.7 billion market. The Company believes it is one of the largest manufacturers and distributors of hardwood flooring in the U.S. The Company also believes it is the second largest producer of carpets and rugs (in terms of sales dollars) in the world based on its 2014 net sales. The sheet vinyl and LVT industry is also highly competitive, but according to industry publications grew 10.7% in 2014. Based on industry publications the top twenty manufacturers in North America had sheet vinyl and LVT sales of $1.7 billion of the over $2.6 billion market in 2014.

Flooring ROW Segment

The Company faces competition in the laminate and hardwood flooring business from a large number of domestic and foreign manufacturers. The Company believes it is one of the largest manufacturers and distributors of laminate flooring in the world, with a focus on high-end products. In addition, the Company believes it has a competitive advantage in the laminate flooring market as a result of the Flooring ROW segment's industry leading design, patented technologies and brand recognition, which allow the Company to distinguish its laminate and hardwood flooring products in the areas of finish, quality, installation and assembly. The Company faces competition in the resilient flooring channel from a large number of domestic and foreign manufacturers, but believes it has a competitive advantage in the sheet vinyl and vinyl tile (including LVT) market due to industry leading design, patented technologies, brand recognition, and vertical integration.

Patents and Trademarks

Intellectual property is important to the Company's business and the Company relies on a combination of patent, copyright, trademark and trade secret laws to protect its interests.

The Company uses several trademarks that it considers important in the marketing of its products, including American Olean, Bigelow, Daltile, Durkan, IVC, Karastan, Lees, Marazzi, Mohawk, Pergo, Quick-Step and Unilin. These trademarks represent innovations that highlight competitive advantages and provide differentiation from competing brands in the market.

The Flooring ROW segment owns a number of patent families in Europe and the U.S. some of which the Company licenses to manufacturers throughout the world. The most important of these patent families is the UNICLIC family, which include the snap, pretension, clearance and the beveled edge patents. The UNICLIC family of patents will expire in 2017. The licensing earnings from patents included in the Flooring ROW segment's results were approximately €118 million in 2015, only a portion of which will be retained following the UNICLIC expiration. The Company continues to explore additional opportunities to generate revenue from its patent portfolio. The licensing revenue from patents generated in the Flooring ROW segment's operations is partially offset by various expenses such as amortization, developing new technologies, filing new patents, supporting existing patents, defending patent lawsuits, collection and auditing of receivables, bad debt and other administrative activities.

Sales Terms and Major Customers

The Company's sales terms are substantially the same as those generally available throughout the industry. The Company generally permits its customers to return products purchased from it within specified time periods from the date of sale, if the customer is not satisfied with the quality of the product.

During 2015, no single customer accounted for more than 10% of total net sales and the top 10 customers accounted for less than 20% of the Company's net sales. The Company believes the loss of one major customer would not have a material adverse effect on its business.

Employees

As of December 31, 2015, the Company employed approximately 34,100 persons consisting of approximately 20,400 in the United States, approximately 5,000 in Europe, approximately 3,900 in Mexico, approximately 3,500 in Russia, approximately 1,000 in Malaysia and approximately 300 in various other countries. The majority of the Company's European and Mexican manufacturing employees are members of unions. Most of the Company's U.S. employees are not a party to any collective bargaining agreement. Additionally, the Company has not experienced any strikes or work stoppages in recent years. The Company believes that its relations with its employees are good.

Available Information

The Company's Internet address is http://www.mohawkind.com. The Company makes the following reports filed by it available, free of charge, on its website under the heading "Investor Information":

- annual reports on Form 10-K;
- quarterly reports on Form 10-Q;
- current reports on Form 8-K; and
- amendments to the foregoing reports.

The foregoing reports are made available on the Company's website as soon as practicable after they are filed with, or furnished to, the Securities and Exchange Commission ("SEC").

Item 1A. Risk Factors

In addition to the other information provided in this Form 10-K, the following risk factors should be considered when evaluating an investment in shares of the Company's Common Stock. If any of the events described in these risks were to occur, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The floor covering industry is sensitive to changes in general economic conditions, such as consumer confidence, income and spending, corporate and government spending, interest rate levels, availability of credit and demand for housing. Significant or prolonged declines in the U.S. or global economies could have a material adverse effect on the Company's business.

Downturns in the U.S. and global economies, negatively impact the floor covering industry and the Company's business. During times of economic uncertainty or decline, end consumers tend to spend less on remodeling their homes, which is how the Company derives a majority of its sales. Likewise new home construction - and the corresponding need for new flooring materials - tends to slow down during recessionary periods. Although the impact of a decline in new construction activity is typically accompanied by an increase in remodeling and replacement activity, these activities lagged in the most recent downturn. Although the difficult economic conditions have improved in the U.S., European and other markets have not recovered as quickly and there may be additional downturns that could cause the industry to deteriorate in the foreseeable future. A significant or prolonged decline in residential or commercial remodeling or new construction activity could have a material adverse effect on the Company's business and results of operations.

The Company may be unable to predict customer preferences or demand accurately, or to respond to technological developments.

The Company operates in a market sector where demand is strongly influenced by rapidly changing customer preferences as to product design and technical features. Failure to quickly and effectively respond to changing customer demand or technological developments could have a material adverse effect on our business.

The Company faces intense competition in the flooring industry that could decrease demand for the Company's products or force it to lower prices, which could have a material adverse effect on the Company's business.

The floor covering industry is highly competitive. The Company faces competition from a number of manufacturers and independent distributors. Maintaining the Company's competitive position may require substantial investments in the Company's product development efforts, manufacturing facilities, distribution network and sales and marketing activities. Competitive pressures may also result in decreased demand for the Company's products or force the Company to lower prices. Moreover, a strong U.S. dollar combined with lower fuel costs may contribute to more attractive pricing for imports that compete with the Company's products, which may put pressure on the Company's pricing. Any of these factors could have a material adverse effect on the Company's business.

Changes in the global economy could affect the Company's overall availability and cost of credit.

Despite recent improvement in overall economic conditions in the U.S., continued weakness elsewhere in the world or changes in market conditions could impact the Company's ability to obtain financing in the future, including any financing necessary to refinance existing indebtedness. The cost and availability of credit during uncertain economic times could have a material adverse effect on the Company's financial condition.

Further, negative economic conditions may factor into the Company's periodic credit ratings assessment by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Financial Services, LLC ("S&P") and Fitch, Inc. Any future changes in the credit rating agencies' methodology in assessing our credit strength and any downgrades in the Company's credit ratings could increase the cost of its existing credit and could adversely affect the cost of and ability to obtain additional credit in the future. The Company can provide no assurances that downgrades will not occur.

If the Company were unable to meet certain covenants contained in its existing credit facilities, it may be required to repay borrowings under the credit facilities prior to their maturity and may lose access to the credit facilities for additional borrowings that may be necessary to fund its operations and growth strategy.

On March 26, 2015, the Company entered into a $1,800 million, senior revolving credit facility (the "2015 Senior Credit Facility"). As of December 31, 2015, the amount utilized under the 2015 Senior Credit Facility, including the commercial paper issuance, was $892.3 million resulting in a total of $907.7 million available. The amount utilized included $756.9 million of commercial paper issued, $134.1 million of direct borrowings, and $1.4 million of standby letters of credit related to various insurance contracts and foreign vendor commitments. In addition, on December 19, 2012, the Company entered into an on-balance sheet U.S. trade accounts receivable securitization agreement (the "Securitization Facility") that after an amendment on September 11, 2014 allows the Company to borrow up to $500 million based on available accounts receivable and is secured by the Company's U.S. trade accounts receivable. At December 31, 2015, the amount utilized under the Securitization Facility was $500.0 million.

During the term of the credit facilities, if the Company's cash flow is worse than expected or the U.S. trade accounts receivables are lower than expected, the Company may need to refinance all or a portion of its indebtedness through a public and/or private debt offering or a new bank facility and may not be able to do so on terms acceptable to it, or at all. If the Company is unable to access debt markets at competitive rates or in sufficient amounts due to credit rating downgrades, market volatility, market disruption, or weakness in the Company's businesses, the Company's ability to finance its operations or repay existing debt obligations may be materially and adversely affected.

Additionally, the credit facilities include certain affirmative and negative covenants that impose restrictions on the Company's financial and business operations, including limitations on liens, indebtedness, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, payments and modifications of certain existing debt, future negative pledges, and changes in the nature of the Company's business. In addition, the 2015 Senior Credit Facility requires the Company 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. A failure to comply with the obligations contained in our current or future credit facilities or indentures relating to our outstanding public debt could result in an event of default or an acceleration of debt under other instruments that may contain cross-acceleration or cross-default provisions. We cannot be certain that we would have, or be able to obtain, sufficient funds to make these accelerated payments.

Fluctuations in currency exchange rates may impact the Company's financial condition and results of operations and may affect the comparability of results between the Company's financial periods.

The results of the Company's foreign subsidiaries reported in the local currency are translated into U.S. Dollars for consolidated reporting. The exchange rates between some of these currencies and the U.S. Dollar in recent years have fluctuated significantly and may continue to do so in the future. The Company may not be able to manage effectively the Company's currency translation risks, and volatility in currency exchange rates may have a material adverse effect on the Company's consolidated financial statements and affect comparability of the Company's results between financial periods.

The Company has significant operations in emerging markets, including Bulgaria, Malaysia, Mexico and Russia, therefore, has exposure to doing business in potentially unstable areas of the world.

Operations in emerging markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Market conditions and the political structures that support them are subject to rapid change in these economies, and the Company may not be able to react quickly enough to protect its assets and business operations. In particular, developing markets in which the Company operates may be characterized by one or more of the following:

- heavy state control of natural resources and energy supplies;
- state ownership of transportation and supply chain assets;
- high protective tariffs and inefficient customs processes;
- complex and conflicting laws and regulations, which may be inconsistently or arbitrarily enforced;
- underdeveloped infrastructure;
- high incidences of corruption in state regulatory agencies;
- high crime rates;
- volatile inflation;
- widespread poverty and resulting political instability;
- compliance with laws governing international relations, including U.S. laws that relate to sanctions and corruptions;
- immature legal and banking systems; and
- uncertainty with respect to title to real and personal property.

Changes in any one or a combination of these factors could have a material adverse affect on the Company's business.

In periods of rising costs, the Company may be unable to pass raw materials, labor, energy and fuel-related cost increases on to its customers, which could have a material adverse effect on the Company's business.

The prices of raw materials, labor, energy and fuel-related costs vary significantly with market conditions. While the Company is currently experiencing a low-cost environment with respect to energy and fuel related costs, the Company expects these costs to rise in the future. Although the Company generally attempts to pass on increases in raw material, labor, 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 recovered. During such periods of time, the Company's business may be materially adversely affected.

The Company may be unable to obtain raw materials or sourced product on a timely basis, which could have a material adverse effect on the Company's business.

The principal raw materials used in the Company's manufacturing operations include triexta, nylon, polypropylene, and polyester resins and fibers, which are used in the Company's carpet and rugs business; clay, talc, nepheline syenite and glazes, including frit (ground glass), zircon and stains, which are used in the Company's ceramic tile business; wood, paper, and resins which are used in the Company's wood and laminate flooring business; and glass fiber, plasticizers, and pvc resins, which are used in the Company's vinyl and luxury vinyl tile business. In addition to raw materials, the Company sources finished goods. For certain raw materials and sourced products, the Company is dependent on one or a small number of suppliers. An adverse change in the Company's relationship with such a supplier, the financial condition of such a supplier or such supplier's ability to manufacture or deliver such raw materials or sourced products to the Company could lead to an interruption of supply or require the Company to purchase more expensive alternatives. An extended interruption in the supply of these or other raw materials or sourced products used in the Company's business or in the supply of suitable substitute materials or products would disrupt the Company's operations, which could have a material adverse effect on the Company's business.

The Company relies on information systems in managing the Company's operations and any system failure or deficiencies of such systems may have an adverse effect on the Company's business.

The Company's businesses rely on sophisticated software applications to obtain, rapidly process, analyze and manage data. The Company relies on these systems to, among other things:

- facilitate the purchase, management, distribution, and payment for inventory items;
- manage and monitor the daily operations of our distribution network;
- receive, process and ship orders on a timely basis;
- manage accurate billing to and collections from customers;
- control logistics and quality control for our retail operations;
- manage financial reporting; and
- monitor point of sale activity.

We also rely on our computer hardware, software and network for the storage, delivery and transmission of data to our sales and distribution systems, and certain of our production processes are managed and conducted by computer.

Any event causes interruptions to the input, retrieval and transmission of data or increase in the service time, whether caused by human error, natural disasters, power loss, computer viruses, system conversion, intentional acts of vandalism, various forms of cybercrimes including and not limited to hacking, intrusions, malware or otherwise, could disrupt our normal operations. There can be no assurance that we can effectively carry out our disaster recovery plan to handle the failure of our information systems, or that we will be able to restore our operational capacity within sufficient time to avoid material disruption to our business. The occurrence of any of these events could cause unanticipated disruptions in service, decreased customer service and customer satisfaction, harm to our reputation and loss or misappropriation of sensitive information, which could result in loss of customers, increased operating expenses and financial losses. Any such events could in turn have a material adverse effect on our business, financial condition, results of operations, and prospects.

The Company's inability to protect its intellectual property rights or collect license revenues, with respect to the Company's patented laminate flooring technology, could have a material adverse effect on the Company's business.

The profit margins of certain of the Company's businesses, particularly the Company's laminate flooring business, depend in part upon the Company's ability to obtain, maintain and license proprietary technology used in the Company's principal product families. The Company relies, in part, on the patent, trade secret and trademark laws of the U.S., countries in the European Union and elsewhere, as well as confidentiality agreements with some of the Company's employees, to protect that technology.

The Company has obtained a number of patents relating to the Company's products and associated methods and has filed applications for additional patents, including the UNICLIC and Pergo family of patents, which protects its interlocking laminate flooring technology. The Company generates license revenue from these patents, the majority of which will expire in 2017. The Company continues to develop new sources of revenue that may partially offset the expiration of its revenue-producing patents. The failure to develop alternative revenues could have a material adverse effect on the Company's business.

In addition, the Company cannot assure investors that any patents owned by or issued to it will provide the Company with competitive advantages, that third parties will not challenge these patents, or that the Company's pending patent applications will be approved. The Company may be unable to prevent competitors and/or third parties from using the Company's technology without the Company's authorization, independently developing technology that is similar to that of the Company or designing around the Company's patents. The use of the Company's technology or similar technology by others could reduce or eliminate any competitive advantage the Company has developed, cause the Company to lose sales or otherwise

Furthermore, despite the Company's efforts, the Company may be unable to prevent competitors and/or third parties from using the Company's technology without the Company's authorization, independently developing technology that is similar to that of the Company or designing around the Company's patents. The use of the Company's technology or similar technology by others could reduce or eliminate any competitive advantage the Company has developed, cause the Company to lose sales or otherwise harm the Company's business.

The Company has obtained and applied for numerous U.S. and foreign service marks and trademark registrations and will continue to evaluate the registration of additional service marks and trademarks, as appropriate. The Company cannot guarantee that any of the Company's pending or future applications will be approved by the applicable governmental authorities. A failure to obtain trademark registrations in the U.S. and in other countries could limit the Company's ability to protect the Company's trademarks and impede the Company's marketing efforts in those jurisdictions and could have a material effect on the Company's business.

The Company generally requires third parties with access to the Company's trade secrets to agree to keep such information confidential. While such measures are intended to protect the Company's trade secrets, there can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach or that the Company's confidential and proprietary information and technology will not be independently developed by or become otherwise known to third parties. In any of these circumstances, the Company's competitiveness could be significantly impaired, which would limit the Company's growth and future revenue.

The Company may experience certain risks associated with acquisitions, joint ventures and strategic investments.

The Company intends to grow its business through a combination of organic growth and acquisitions. Growth through acquisitions involves risks, many of which may continue to affect the Company after the acquisition. The Company cannot give assurance that an acquired company will achieve the levels of revenue, profitability and production that the Company expects. Acquisitions may require the issuance of additional securities or the incurrence of additional indebtedness, which may dilute the ownership interests of existing security holders or impose higher interest costs on the Company. Additional challenges related to the Company's acquisition strategy include:

- maintaining executive offices in different locations;
- manufacturing and selling different types of products through different distribution channels;
- conducting business from various locations;
- maintaining different operating systems and software on different computer hardware; and
- retaining key employees.

Failure to successfully manage and integrate an acquisition with the Company's existing operations could lead to the potential loss of customers of the acquired business, the potential loss of employees who may be vital to the new operations, the potential loss of business opportunities or other adverse consequences that could have a material adverse effect on the Company's business. Even if integration occurs successfully, failure of the acquisition to achieve levels of anticipated sales growth, profitability, or otherwise perform as expected, may result in goodwill or other asset impairments or otherwise have a material adverse effect on the Company's business.

In addition, we have made certain investments, including through joint ventures, in which we have a minority equity interest and lack management and operational control. The controlling joint venture partner may have business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the controlling joint venture partner, or the joint venture company, may result in harm to our reputation or adversely affect the value of our investment in the joint venture.

A failure to identify suitable acquisition candidates or partners for strategic investments and to complete acquisitions could have a material adverse effect on the Company's business.

As part of the Company's business strategy, the Company intends to pursue a wide array of potential strategic transactions, including acquisitions of complementary businesses, as well as strategic investments and joint ventures. Although the Company regularly evaluates such opportunities, the Company may not be able to successfully identify suitable acquisition candidates or to obtain sufficient financing on acceptable terms to fund such strategic transactions.

The Company manufactures, sources and sells many products internationally and is exposed to risks associated with doing business globally.

The Company's international activities are significant to its manufacturing capacity, revenues and profits, and the Company is further expanding internationally. The Company sells products, operates plants and invests in companies around the world. Currently, the Company's Flooring ROW segment has significant operations in Europe, Russia, Malaysia, Australia and New Zealand, and the Company's Global Ceramic segment has significant operations in Europe, Russia and Mexico. In addition, the Company has invested in joint ventures in Brazil and India related to laminate flooring.

The business, regulatory and political environments in these countries differ from those in the U.S. The Company's international sales, operations and investments are subject to risks and uncertainties, including:

- changes in foreign country regulatory requirements;
- differing business practices associated with foreign operations;
- various import/export restrictions and the availability of required import/export licenses;
- imposition of foreign tariffs and other trade barriers;
- foreign currency exchange rate fluctuations;
- differing inflationary or deflationary market pressures;
- foreign country tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations in tax laws;
- differing labor laws and changes in those laws;
- work stoppages and disruptions in the shipping of imported and exported products;
- government price controls;
- extended payment terms and the inability to collect accounts receivable;
- potential difficulties repatriating cash from non-U.S. subsidiaries; and
- compliance with laws governing international relations, including those U.S. laws that relate to sanctions and corruption.

The Company cannot assure investors that it will succeed in developing and implementing policies and strategies to address the foregoing risks effectively in each location where the Company does business, and, therefore that the foregoing factors will not have a material adverse effect on the Company's business.

Negative tax consequences could materially and adversely affect the Company's business.

The Company is subject to the tax laws of the many jurisdictions in which we operate. These tax laws are complex, and the manner in which they apply to our facts is sometimes open to interpretation. In calculating the provision for income taxes, we must make judgments about the application of these inherently complex tax laws. Our domestic and international tax liabilities are largely dependent upon the distribution of profit before tax among these many jurisdictions. However, it also includes estimates of additional tax which may be incurred for tax exposures and reflects various estimates and assumptions, including assessments of future earnings of the Company that could impact the valuation of our deferred tax assets. Our future results of operations and tax liability could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of the Company, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings permanently reinvested offshore, the results of audits and examinations of previously filed tax returns, and ongoing assessments of our tax exposures.

The Company has been, and in the future may be, subject to costs, liabilities and other obligations under existing or new laws and regulations, which could have a material adverse effect on the Company's business.

The Company is subject to increasingly numerous and complex laws, regulations and licensing requirements in each of the jurisdictions in which the Company conducts business. The Company faces risks and uncertainties related to compliance with such laws and regulations. In addition, new laws and regulations may be enacted in the U.S. or abroad that may require the Company to incur additional personnel-related, environmental, or other costs on an ongoing basis, such as recently enacted healthcare legislation in the United States.

In particular, the Company's operations are subject to various environmental, health and safety laws and regulations, including those governing air emissions, wastewater discharges, and the use, storage, treatment, recycling and disposal of materials and finished product. The applicable requirements under these laws are subject to amendment, to the imposition of new or additional requirements and to changing interpretations of agencies or courts. The Company could incur material expenditures to comply with new or existing regulations, including fines and penalties and increased costs of its operations. For example, our manufacturing facilities may become subject to further limitations on the emission of "greenhouse gases" due to public policy concerns regarding climate change issues or other environmental or health and safety concerns. While the form of any additional regulations cannot be predicted, a "cap-and-trade" system similar to the system that applies to our businesses in the European Union could be adopted in the United States. The Company's manufacturing processes use a significant amount of energy, especially natural gas. Any such "cap-and-trade" system or other limitations imposed on the emission of "greenhouse gases" could require us to increase our capital expenditures, use our cash to acquire emission credits or restructure our manufacturing operations, which could have a material adverse effect on our business.

The Company's business operations could suffer significant losses from natural disasters, catastrophes, fire or other unexpected events.

Many of the Company's business activities involve substantial investments in manufacturing facilities and many products are produced at a limited number of locations. These facilities could be materially damaged by natural disasters, such as floods, tornados, hurricanes and earthquakes, or by fire or other unexpected events. The Company could incur uninsured losses and liabilities arising from such events, including damage to its reputation, and/or suffer material losses in operational capacity, which could have a material adverse impact on its business.

The Company may be exposed to litigation, claims and other legal proceedings relating to its products, which could have a material adverse effect on the Company's business.

In the ordinary course of business, the Company is subject to a variety of product-related claims, lawsuits and legal proceedings, including those relating to product liability, product warranty, product recall, personal injury, and other matters. A very large claim or several similar claims asserted by a a large class of plaintiffs could have a material adverse effect on the Company's business, if the Company is unable to successfully defend against or resolve these matters or if its insurance coverage is insufficient to satisfy any judgments against the Company or settlements relating to these matters. Although the Company has product liability insurance, the policies may not provide coverage for certain claims against the Company or may not be sufficient to cover all possible liabilities. Further, the Company may not be able to maintain insurance at commercially acceptable premium levels. Moreover, adverse publicity arising from claims made against the Company, even if the claims are not successful, could adversely affect the Company's reputation or the reputation and sales of its products.

Third parties may claim that the Company infringed their intellectual property or proprietary rights, which could cause it to incur significant expenses or prevent it from selling the Company's products.

In the past, third parties have claimed that certain technologies incorporated in the Company's products infringe their patent rights. The Company cannot be certain that the Company's products do not and will not infringe issued patents or other intellectual property rights of others. Historically, patent applications in the U.S. and some foreign countries have not been publicly disclosed until the patent is issued (or, in some recent cases, until 18 months following submission), and the Company may not be aware of currently filed patent applications that relate to the Company's products or processes. If patents are later issued on these applications, the Company may be liable for infringement.

As a result, the Company might be required to pay substantial damages (including punitive damages and attorney's fees), discontinue the use and sale of infringing products, expend significant resources to develop non-infringing technology or obtain licenses authorizing the use of infringing technology. There can be no assurance that licenses for disputed technology or intellectual property rights would be available on reasonable commercial terms, if at all. In the event of a successful claim against the Company along with failure to develop or license a substitute technology, the Company's business would be materially and adversely affected.

The long-term performance of the Company's business relies on its ability to attract, develop and retain talented management.

To be successful, the Company must attract, develop and retain qualified and talented personnel in management, sales, marketing, product design, and operations, and as it considers entering new international markets, skilled personnel familiar with those markets. The Company competes with multinational firms for these employees and invests resources in recruiting, developing, motivating and retaining them. The failure to attract, develop, motivate and retain key employees could negatively affect the Company's competitive position and its operating results.

The Company is subject to changing regulation of corporate governance and public disclosure that have increased both costs and the risk of noncompliance.

The Company's stock is publicly traded. As a result, the Company is subject to the rules and regulations of federal and state agencies and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities, including the Public Company Accounting Oversight Board, the Securities and Exchange Commission and the New York Stock Exchange, frequently issue new requirements and regulations. The Company's efforts to comply with the regulations and interpretations have resulted in, and are likely to continue to result in, increased general and administrative costs and diversion of management's time and attention from profit generating activities to compliance activities.

Declines in the Company's business conditions may result in an impairment of the Company's assets which could result in a material non-cash charge.

A significant or prolonged decrease in the Company's market capitalization, including a decline in stock price, or a negative long-term performance outlook, could result in an impairment of its assets which results when the carrying value of the Company's assets exceed their fair value.

Forward-Looking Information

Certain of the statements in this Form 10-K, 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 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company owns and leases manufacturing and distribution facilities worldwide. The table below lists the primary owned and leased facilities at December 31, 2015. The Company owns its Corporate Headquarters in Calhoun, GA. The Company also owns and operates service centers and stores in the United States & Russia, none of which are individually material. The Company believes its existing facilities are suitable for its present needs.

The following is a list of the principal manufacturing and distribution facilities owned or leased by the Company:

Location	Function / Use	Owned / Leased
Global Ceramics Segment:		
Borriol, Spain	Manufacturing & Distribution	Owned
Castellon, Spain	Manufacturing	Owned
El Paso, Texas	Manufacturing	Owned

Location	Function / Use	Owned / Leased
Eldersburg, Maryland	Distribution	Leased
Finale Emilia, Italy	Manufacturing	Owned
Fiorano, Italy	Manufacturing	Owned
Florence, Alabama	Manufacturing	Owned
Isperih, Bulgaria	Manufacturing & Distribution	Owned
Lewisport, Kentucky	Manufacturing	Owned
Malino, Russia	Manufacturing & Distribution	Owned
Mexicali, Mexico	Manufacturing	Owned
Monterrey, Mexico	Manufacturing	Owned
Monterrey, Mexico	Distribution	Leased
Muskogee, Oklahoma	Manufacturing & Distribution	Owned
Ontario, California	Distribution	Leased
Orel, Russia	Manufacturing & Distribution	Owned
Salamanca, Mexico	Manufacturing	Owned
Sassuolo, Italy	Manufacturing & Distribution	Owned
Sassuolo, Italy	Distribution	Leased
Shumen, Bulgaria	Manufacturing & Distribution	Owned
Sunnyvale, Texas	Manufacturing	Owned
Sunnyvale, Texas	Distribution	Leased
Flooring NA Segment:		
Bennettsville, South Carolina	Manufacturing	Owned
Calhoun, Georgia	Manufacturing & Distribution	Owned
Dalton, Georgia	Manufacturing & Distribution	Owned
Danville, Virginia	Manufacturing	Owned
Eden, North Carolina	Manufacturing & Distribution	Owned
Flower Mound, Texas	Distribution	Leased
Fontana, California	Distribution	Leased
Garner, North Carolina	Manufacturing	Owned
Garner, North Carolina	Distribution	Leased
Glasgow, Virginia	Manufacturing	Owned
Hillsville, Virginia	Manufacturing	Owned
Holden, West Virginia	Manufacturing	Owned
Lyerly, Georgia	Manufacturing	Owned
Melbourne, Arkansas	Manufacturing	Owned
Milledgeville, Georgia	Manufacturing	Owned
Mt. Gilead, North Carolina	Manufacturing	Owned
Roanoke, Alabama	Manufacturing	Owned
Sugar Valley, Georgia	Manufacturing	Owned
Summerville, Georgia	Manufacturing	Owned
Thomasville, North Carolina	Manufacturing	Owned
Flooring ROW Segment:		
Avelgem, Belgium	Manufacturing	Owned
Avelgem, Belgium	Manufacturing	Leased
Bazeilles, France	Manufacturing	Owned
Chesterfield, United Kingdom	Manufacturing	Owned
Desselgem, Belgium	Manufacturing	Owned
Dzerzhinsk, Russia	Manufacturing	Owned
Feluy, Belgium	Manufacturing	Owned
Izegem, Belgium	Manufacturing	Owned
Meath County, Ireland	Manufacturing	Owned
Moeskroen, Belgium	Manufacturing	Owned
Oisterwijk, Netherlands	Manufacturing	Owned

Location	Function / Use	Owned / Leased
Oostrozebeke, Belgium	Manufacturing & Distribution	Owned
Sungai Pentani, Malaysia	Manufacturing	Owned
Sury-le-Comtal, France	Manufacturing	Owned
Vielsalm, Belgium	Manufacturing	Owned
Vyskov, Czech Republic	Manufacturing	Owned
Wielsbeke, Belgium	Manufacturing & Distribution	Owned
Wiltz, Luxembourg	Manufacturing	Owned

Item 3. 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.

Polyurethane Foam Litigation

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 was named as a defendant in a number of the individual cases (the first filed on August 26, 2010), as well as in two consolidated amended class action complaints (the first filed on February 28, 2011, on behalf of a class of all direct purchasers of polyurethane foam products, and the second filed on March 21, 2011, on behalf of a class of indirect purchasers). All pending cases in which the Company was named as a defendant were 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, sought damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. Any damages actually awarded at trial would have been subject to being tripled under US antitrust laws.

On March 23, 2015, the Company entered into an agreement to settle all claims brought by the class of direct purchasers, and the trial court entered an order granting final approval of this settlement on November 19, 2015. On April 30, 2015, the Company entered into an agreement to settle all claims brought by the class of indirect purchasers, and the trial court entered an order granting final approval of this settlement on January 27, 2016. The Company has also entered into settlement agreements resolving all of the claims brought on behalf of all but one of the consolidated individual lawsuits. The Company denies all allegations of wrongdoing but settled the class actions and individual lawsuits to avoid the uncertainty, risk, expense and distraction of protracted litigation.

The Company remains a defendant in one case involving an individual purchaser of polyurethane foam products not sold by the Company. This sole remaining case is in its early stages, no trial date has been set, and the amount of the damages has not yet been specified by the plaintiff. In addition to as yet unspecified actual damages, the 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 Consommateures v. Vitafoam, Inc. et.al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which alleged similar claims against the Company as raised in the U.S. actions and sought unspecified damages and punitive damages. On June 12, 2015, the Company entered into an agreement to settle all claims brought by the class of Canadian plaintiffs, as well as a separate action pending in the Supreme Court of British Columbia. The courts in Ontario, Quebec and British Columbia have all approved the settlement although certain administrative issues remain. The Company continues to deny all allegations of wrongdoing but settled the case to avoid the uncertainty, risk, expense and distraction of protracted litigation.

During the twelve months ended December 31, 2015 the Company recorded a $122.5 million charge within selling, general and administrative expenses for the settlement and defense of the antitrust cases. The Company believes that adequate provisions for resolution of all of these cases have been made. The Company does not believe that the ultimate outcome of the remaining case will have a material adverse effect on its financial condition.

Belgian Tax Matter

In January 2012, the Company received a €23.8 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 €1.6 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. 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 €46.1 million and €35.6 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 Appeal 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 €38.8 million, €39.6 million, and €43.1 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 €30.1 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, Belgium 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).

On January 27, 2016, the Court of First Appeal in Bruges, Belgium ruled in favor of the Company with respect to the calendar years ending December 31, 2005 and December 31, 2009. The Company anticipates that the Belgian tax authority will appeal this ruling.

The Company disagrees with the views of the Belgian tax authority on this matter and will persist in its vigorous defense if there is an appeal. 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 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. **Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Market for the Common Stock

The Company’s common stock, $0.01 par value per share (the “Common Stock”), is quoted on the New York Stock Exchange (“NYSE”) under the symbol “MHK.” The table below shows the high and low sales prices per share of the Common Stock as reported on the NYSE Composite Tape, for each fiscal period indicated.

	Mohawk Common Stock	
	High	Low
2014		
First Quarter	$ 155.48	132.87
Second Quarter	143.50	128.54
Third Quarter	149.84	123.81
Fourth Quarter	158.58	120.37
2015		
First Quarter	188.29	151.15
Second Quarter	195.53	172.97
Third Quarter	212.16	174.49
Fourth Quarter	201.88	180.00

As of February 23, 2016, there were approximately 250 holders of record of Common Stock. The Company has not paid or declared any cash dividends on shares of its Common Stock since completing its initial public offering. The Company's policy is to retain all net earnings for the development of its business, and it does not anticipate paying cash dividends on the Common Stock in the foreseeable future. The payment of future cash dividends will be at the discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

The Company's Board of Directors has authorized the repurchase of up to 15 million shares of the Company's outstanding common stock. Since the inception of the program in 1999, a total of approximately 11.5 million shares have been repurchased at an aggregate cost of approximately $335.5 million. All of these repurchases have been financed through the Company's operations and banking arrangements. The Company did not repurchase shares during the year ended December 31, 2015.

Item 6. **Selected Financial Data**

The following table sets forth the selected financial data of the Company for the periods indicated which information is derived from the consolidated financial statements of the Company. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes thereto included elsewhere herein.

	As of or for the Years Ended December 31,				
	2015(a)	2014	2013(b)	2012	2011
	(In thousands, except per share data)				
Statement of operations data:					
Net sales	$ 8,071,563	7,803,446	7,348,754	5,787,980	5,642,258
Cost of sales	5,660,877	5,649,254	5,427,945	4,297,922	4,225,379
Gross profit	2,410,686	2,154,192	1,920,809	1,490,058	1,416,879
Selling, general and administrative expenses	1,573,120	1,381,396	1,373,878	1,110,550	1,101,337
Operating income	837,566	772,796	546,931	379,508	315,542
Interest expense	71,086	98,207	92,246	74,713	101,617
Other expense (income), net	17,619	10,698	9,114	303	14,051
Earnings from continuing operations before income taxes	748,861	663,891	445,571	304,492	199,874
Income tax expense	131,875	131,637	78,385	53,599	21,649
Earnings from continuing operations	616,986	532,254	367,186	250,893	178,225
Loss from discontinued operations, net of income tax benefit of $1,050	—	—	(17,895)	—	—
Net earnings including noncontrolling interest	616,986	532,254	349,291	250,893	178,225
Less: Net earnings attributable to the noncontrolling interest	1,684	289	505	635	4,303
Net earnings attributable to Mohawk Industries, Inc.	$ 615,302	531,965	348,786	250,258	173,922
Basic earnings from continuing operations per share	$ 8.37	7.30	5.11	3.63	2.53
Basic earnings per share attributable to Mohawk Industries, Inc.	$ 8.37	7.30	4.86	3.63	2.53
Diluted earnings from continuing operations per share	$ 8.31	7.25	5.07	3.61	2.52
Diluted earnings per share attributable to Mohawk Industries, Inc.	$ 8.31	7.25	4.82	3.61	2.52
Balance sheet data:					
Working capital	$ 1,993,947	1,885,067	1,892,125	1,776,611	1,683,073
Total assets	9,942,364	8,285,544	8,494,177	6,303,684	6,206,228
Long-term debt (including current portion)	3,199,931	2,253,440	2,260,008	1,382,942	1,586,439
Total stockholders' equity	4,860,863	4,422,813	4,470,306	3,719,617	3,415,785

(a) During 2015, the Company acquired the IVC Group, the KAI Group and Xtratherm as discussed in Note 2 of the Notes to Consolidated Financial Statements.
(b) During 2013, the Company acquired Pergo, Marazzi and Spano as discussed in Note 2 of the Notes to Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

During the second quarter of 2015, the Company realigned its reportable segments to reflect how the Company's results will be reported by management. The Company has reorganized its business into three segments: Global Ceramic, Flooring North America ("Flooring NA") and Flooring Rest of the World ("Flooring ROW"). In order to leverage its relationships and distribution capabilities, the Company organized its carpet, wood, laminate, luxury vinyl tile ("LVT") and vinyl operations by geography into the Flooring NA segment and Flooring ROW segment. The Company did not make any changes to the Global Ceramic segment. Previously reported segment results have been reclassified to conform to the current period presentation.

This new segment structure is consistent with the strategic objective that management now applies to manage the growth and profitability of the Company's business. The Global Ceramic segment includes all worldwide tile and natural stone operations. The Flooring NA segment includes North American operations in all product categories except tile and natural stone. The new segment combines the former Carpet segment with the North American operations of the former Laminate and Wood segment and the North American operations of the Company's newly acquired LVT and vinyl flooring businesses. The Flooring ROW segment includes operations outside of North America in all product categories except tile and natural stone. The new segment combines the European and Rest of the World operations of the former Laminate and Wood segment and the European and Rest of the World operations of the Company's newly acquired LVT and vinyl flooring businesses.

The Global 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 Flooring NA segment designs, manufactures, sources and markets its floor covering product lines, including carpets, rugs, carpet pad, hardwood, laminate and vinyl products, including LVT, which it distributes through its network of regional distribution centers and satellite warehouses using Company-operated trucks, common carrier or rail transportation. The segment's product lines are sold through various selling channels, including independent floor covering retailers, distributors, home centers, mass merchandisers, department stores, shop at home, buying groups, commercial contractors and commercial end users. The Flooring ROW segment designs, manufactures, sources, licenses and markets laminate, hardwood flooring, roofing elements, insulation boards, medium-density fiberboard ("MDF"), chipboards, other wood products and vinyl products, including LVT, which it distributes primarily in Europe and Russia through various selling channels, which include retailers, independent distributors and home centers.

Net earnings attributable to the Company were $615.3 million, or diluted EPS of $8.31 for 2015 compared to net earnings attributable to the Company of $532.0 million, or diluted EPS of $7.25 for 2014. The increase in EPS was primarily attributable to increased sales volumes, savings from capital investments and cost reduction initiatives, lower input costs, lower taxes due to the geographic dispersion of earnings, and lower interest expense, partially offset by a charge of approximately $122.5 million related to the settlement and defense of the polyurethane foam litigation, the net impact of unfavorable foreign exchange rates, costs associated with investments in new product development, sales personnel and marketing, and the unfavorable net impact of price and product mix.

A majority of the Company's sales and long-lived assets are located in the United States and Europe. The Company expects continued strong performance in the United States market as residential housing starts and remodeling continue to rebound. In Europe, the Company's operations improved on a local basis despite a challenging macro-economic environment. The Company also has operations in Mexico and Russia where the Company is growing market share, especially in its ceramic tile product lines. While the Company is performing well in the local markets where it operates, the Company expects that a strong U.S. dollar will continue to impact the translation of its foreign operating results.

For the year ended December 31, 2015, the Company generated $911.9 million of cash from operating activities. As of December 31, 2015, the Company had cash and cash equivalents of $81.7 million, of which $20.5 million was in the United States and $61.2 million was in foreign countries.

Acquisitions

On May 12, 2015, the Company purchased approximately 90% of all outstanding shares of Advent KAI Luxembourg Holdings S.a r.l., a Luxembourg *societe a respsonsabilite limitee*, and its subsidiaries (collectively, the "KAI Group"), an eastern European ceramic tile floor manufacturer for $194.6 million. The KAI Group has a low cost position in the Bulgarian and Romanian markets. The combination with the Company will present opportunities to enhance the group's product offering, upgrade its technology and expand its exports to other countries. The KAI Group's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition.

On June 12, 2015, the Company completed the acquisition of International Flooring Systems S.A., a Luxembourg *societe anonyme*, and its subsidiaries (collectively, the “IVC Group”), a global manufacturer, distributor and marketer of vinyl flooring products, including LVT. The total value of the acquisition was $1.1 billion. The IVC Group acquisition will position the Company as a major participant in both the fast growing LVT category and the expanding fiberglass sheet vinyl business. The IVC Group's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition.

On December 7, 2015, the Company completed its purchase of Xtratherm Limited, an Irish company, and certain of its affiliates (collectively, "Xtratherm"), a manufacturer of insulation boards in Ireland, the UK and Belgium. The total value of the acquisition was $158.9 million. The Xtratherm acquisition will expand the Company's existing insulation board footprint to include Ireland and the UK while capitalizing on expanded product offerings in Continental Europe. Xtratherm's results of operations and a preliminary purchase price allocation are included in the consolidated financial statements since the date of the acquisition.

Results of Operations

Following are the results of operations for the last three years:

	For the Years Ended December 31,					
	2015		2014		2013	
	(In millions)					
Statement of operations data:						
Net sales	$ 8,071.6	100.0 %	$ 7,803.4	100.0%	$ 7,348.8	100.0 %
Cost of sales (1)	5,660.9	70.1 %	5,649.3	72.4%	5,428.0	73.9 %
Gross profit	2,410.7	29.9 %	2,154.1	27.6%	1,920.8	26.1 %
Selling, general and administrative expenses (2)	1,573.1	19.5 %	1,381.4	17.7%	1,373.9	18.7 %
Operating income	837.6	10.4 %	772.7	9.9%	546.9	7.4 %
Interest expense (3)	71.1	0.9 %	98.2	1.3%	92.2	1.3 %
Other expense (4)	17.6	0.2 %	10.7	0.1%	9.1	0.1 %
Earnings from continuing operations before income taxes	748.9	9.3 %	663.8	8.5%	445.6	6.1 %
Income tax expense (5)	131.9	1.6 %	131.6	1.7%	78.4	1.1 %
Earnings from continuing operations	617.0	7.6 %	532.2	6.8%	367.2	5.0 %
Loss from discontinued operations, net of income tax benefit of $1,050	—	— %	—	—%	(17.9)	(0.2)%
Net earnings including noncontrolling interest	617.0	7.6 %	532.2	6.8%	349.3	4.8 %
Less: Net earnings attributable to the noncontrolling interest	1.7	— %	0.3	—%	0.5	— %
Net earnings attributable to Mohawk Industries, Inc.	$ 615.3	7.6 %	$ 531.9	6.8%	$ 348.8	4.7 %
(1) Cost of sales includes:						
Restructuring, acquisition and integration charges	$ 45.6	0.6 %	$ 31.2	0.4%	$ 49.2	0.7 %
Acquisition inventory step-up	13.3	0.2 %	—	—%	31.0	0.4 %
(2) Selling, general and administrative expenses include:						
Restructuring, acquisition and integration charges	29.1	0.4 %	20.4	0.3%	62.8	0.9 %
Legal settlement and reserve	124.5	1.5 %	10.0	0.1%	—	— %
(3) Interest expense includes:						
Debt extinguishment costs	—	— %	18.9	0.2%	—	— %
Deferred loan cost write-off	—	— %	1.1	—%	0.5	— %
Interest on 3.85% senior notes (pre-acquisition)	0.7	— %	—	—%	3.6	— %
(4) Other expense (income) includes:						
Loss on disposal of subsidiary	—	— %	12.0	0.2%	—	— %
Restructuring, acquisition and integration charges	—	— %	—	—%	1.5	— %
Reversal of uncertain tax position indemnification asset	11.2	0.1 %	—	—%	—	— %
(5) Income tax expense includes:						
Reversal of uncertain tax position	(11.2)	(0.1)%	—	—%	—	— %

Year Ended December 31, 2015, as Compared with Year Ended December 31, 2014

Net sales

Net sales for 2015 were $8,071.6 million, reflecting an increase of $268.1 million, or 3.4%, from the $7,803.4 million reported for 2014. The increase was primarily attributable to higher sales volume of approximately $785 million, or 10%, partially offset by the net impact of unfavorable foreign exchange rates of approximately $490 million, or 6%, and the unfavorable net impact of price and product mix of approximately $28 million. Of the $785 million increase in volume, approximately $396 million was attributable to acquisitions.

Global Ceramic Segment—Net sales decreased $2.4 million, or 0.1%, to $3,012.9 million for 2015, compared to $3,015.3 million for 2014. The decrease was primarily attributable to the net impact of unfavorable foreign exchange rates of approximately $252 million, or 8%, partially offset by higher sales volume of approximately $150 million, or 5%, and the favorable net impact of price and product mix of approximately $99 million, or 3%. Of the $150 million increase in volume, approximately $65 million was attributable to the KAI Group acquisition.

Flooring NA Segment—Net sales increased $161.1 million, or 4.7%, to $3,602.1 million for 2015, compared to $3,441.0 million for 2014. The increase was primarily attributable to higher sales volume of approximately $275 million, or 8%, partially offset by the unfavorable net impact of price and product mix of approximately $114 million, or 3%. Of the $275 million increase in volume, approximately $77 million was attributable to the IVC Group acquisition.

Flooring ROW Segment—Net sales increased $102.9 million, or 7.6%, to $1,456.9 million for 2015, compared to $1,354.0 million for 2014. The increase was primarily attributable to higher volume of approximately $354 million, or 26%, partially offset by the net impact of unfavorable foreign exchange rates of approximately $238 million, or 18%, and the unfavorable net impact of price and product mix of approximately $13 million, or 1%. Of the $354 million increase in volume, approximately $254 million was attributable to the IVC Group acquisition.

Quarterly net sales and the percentage changes in net sales by quarter for 2015 versus 2014 were as follows (dollars in millions):

	2015	2014	Change
First quarter	$ 1,881.2	1,813.1	3.8 %
Second quarter	2,041.7	2,048.2	(0.3)%
Third quarter	2,150.7	1,990.7	8.0 %
Fourth quarter	1,998.0	1,951.4	2.4 %
Total year	$ 8,071.6	7,803.4	3.4 %

Gross profit

Gross profit for 2015 was $2,410.7 million (29.9% of net sales), an increase of $256.5 million or 11.9%, compared to gross profit of $2,154.2 million (27.6% of net sales) for 2014. As a percentage of net sales, gross profit increased 230 basis points. The increase in gross profit dollars was primarily attributable to higher sales volume of approximately $254 million, savings from capital investments and cost reduction initiatives of approximately $127 million, and lower input costs of approximately $101 million, including lower material costs of approximately $87 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $151 million, the unfavorable net impact of price and product mix of approximately $30 million, the unfavorable impact of higher restructuring, acquisition and integration-related costs of approximately $28 million, and costs associated with investments in expansion of production capacity of approximately $15 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for 2015 were $1,573.1 million (19.5% of net sales), an increase of $191.7 million compared to $1,381.4 million (17.7% of net sales) for 2014. As a percentage of net sales, selling, general and administrative expenses increased 180 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to a charge of approximately $122 million related to the settlement and further defense of the polyurethane foam litigation described in more detail herein, approximately $83 million of costs due to higher sales volume, approximately $44 million of costs associated with investments in new product development, sales personnel, and marketing, and increased employee costs of approximately $27 million, partially offset by the positive impact of foreign exchange rates of approximately $77 million and savings from capital investments and cost reduction initiatives of approximately $6 million.

Operating income

Operating income for 2015 was $837.6 million (10.4% of net sales) reflecting an increase of $64.8 million, or 8.4%, compared to operating income of $772.8 million (9.9% of net sales) for 2014. The increase in operating income was primarily attributable to higher sales volume of approximately $172 million, savings from capital investments and cost reduction initiatives of approximately $133 million, and lower input costs of approximately $101 million, including lower material costs of approximately $87 million, partially offset by a charge of approximately $122 million related to the settlement and defense of the polyurethane foam litigation described in more detail herein, the net impact of unfavorable foreign exchange rates of approximately $74 million, costs associated with investments in new product development, sales personnel and marketing of approximately $44 million, the unfavorable net impact of price and product mix of approximately $29 million, increased employee costs of approximately $27 million, the unfavorable impact of higher restructuring, acquisition and integration-related costs of approximately $30 million which includes approximately $13 million of costs related to acquisition inventory step-up, and costs associated with investments in expansion of production capacity of approximately $15 million.

Global Ceramic Segment—Operating income was $414.2 million (13.7% of segment net sales) for 2015 reflecting an increase of $63.0 million, or 18.0%, compared to operating income of $351.1 million (11.6% of segment net sales) for 2014. The increase in operating income was primarily attributable to sales volume increases of approximately $52 million, savings from capital investments and cost reduction initiatives of approximately $36 million, the favorable net impact of price and product mix of approximately $32 million, and lower input costs of approximately $12 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $35 million, costs associated with investments in new product development, sales personnel and marketing of approximately $22 million, and increased employee costs of approximately $11 million.

Flooring NA Segment—Operating income was $264.3 million (7.3% of segment net sales) for 2015 reflecting a decrease of $35.7 million, or 11.9%, compared to operating income of $300.0 million (8.7% of segment net sales) for 2014. The decrease in operating income was primarily attributable to a charge of approximately $122 million related to the settlement and defense of the polyurethane foam litigation described in more detail herein, the unfavorable net impact of price and product mix of approximately $53 million, the unfavorable impact of higher restructuring, acquisition and integration-related costs of approximately $21 million, costs associated with investments in new product development, sales personnel and marketing of approximately $13 million, and increased employee costs of approximately $9 million, partially offset by savings from capital investments and cost reduction initiatives of approximately $92 million, lower material costs of approximately $69 million, and sales volume increases of approximately $31 million.

Flooring ROW Segment—Operating income was $203.4 million (14.0% of segment net sales) for 2015 reflecting an increase of $51.8 million, or 34.2%, compared to operating income of $151.5 million (11.2% of segment net sales) for 2014. The increase in operating income was primarily attributable to higher sales volume of approximately $89 million, lower material costs of approximately $22 million, and savings from capital investments and cost reduction initiatives of approximately $6 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $40 million, costs associated with investments in new product development, sales personnel and marketing of approximately $9 million, costs associated with investments in expansion of production capacity of approximately $8 million, and the unfavorable net impact of price and product mix of approximately $8 million.

Interest expense

Interest expense was $71.1 million for 2015, reflecting a decrease of $27.1 million compared to interest expense of $98.2 million for 2014. The decrease was primarily attributable to the inclusion in the 2014 amount of $20 million of non-recurring premiums and fees due to the redemption of $254.4 million of the 6.125% Senior Notes due January 15, 2016, and the use of lower rate U.S. commercial paper to finance the aforementioned redemption, offset by an increase in debt resulting from the 2015 acquisitions.

Other expense

Other expense was $17.6 million for 2015, reflecting an increase of $6.9 million compared to other expense of $10.7 million for 2014. The increase was primarily attributable to the release of an indemnification receivable related to the reversal of uncertain tax positions recorded with the IVC Group acquisition of approximately $11 million.

Income tax expense

For 2015, the Company recorded income tax expense of $131.9 million on earnings from continuing operations before income taxes of $748.9 million for an effective tax rate of 17.6%, as compared to an income tax expense of $131.6 million on earnings from continuing operations before income taxes of $663.9 million, resulting in an effective tax rate of 19.8% for 2014. The decrease in effective tax rates was primarily attributable to the expiration of the statute of limitations on European-related tax exposures, resulting in the reversal of uncertain tax positions of approximately $11 million, and the geographic dispersion of the Company's profits and losses for the year, including the $122 million charge related to the settlement and defense of the polyurethane foam litigation in the U.S., partially offset by the non-recurrence of the favorable court case in Italy of approximately $8 million occurring in 2014. See Note 13-Income Taxes.

Year Ended December 31, 2014, as Compared with Year Ended December 31, 2013

Net sales

Net sales for 2014 were $7,803.4 million, reflecting an increase of $454.7 million, or 6.2%, from the $7,348.8 million reported for 2013. The increase was primarily attributable to higher sales volume of approximately $498 million, or 7%, and the favorable net impact of price and product mix of approximately $13 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $56 million. Of the $498 million increase in volume, approximately $328 million was attributable to the Marazzi and Spano acquisitions.

Global Ceramic Segment—Net sales increased $338.2 million, or 12.6%, to $3,015.3 million for 2014, compared to $2,677.1 million for 2013. The increase was primarily attributable to higher volume of approximately $358 million and the favorable net impact of price and product mix of approximately $38 million, partially offset by the net impact of unfavorable foreign exchange rates of approximately $58 million. Of the $358 million increase in volume, approximately $272 million was attributable to the Marazzi acquisition.

Flooring NA Segment—Net sales increased $17.9 million to $3,441.0 million for 2014, compared to $3,423.1 million for 2013. The increase was primarily attributable to higher volume of approximately $43 million, partially offset by the unfavorable net impact of price and product mix of approximately $25 million. The volume increases were primarily attributable to increases in residential new construction and commercial sales.

Flooring ROW Segment—Net sales increased $104.7 million, or 8.4%, to $1,354.0 million for 2014, compared to $1,249.3 million for 2013. The increase was primarily attributable to higher volume of approximately $102 million and the net impact of favorable foreign exchange rates of approximately $2 million. Of the $102 million increase in volume, approximately $55 million was attributable to the Spano acquisition while the remaining volume increases were attributable to higher sales in Europe.

Quarterly net sales and the percentage changes in net sales by quarter for 2014 versus 2013 were as follows (dollars in millions):

	2014	2013	Change
First quarter	$ 1,813.1	1,486.8	21.9%
Second quarter	2,048.2	1,976.3	3.6%
Third quarter	1,990.7	1,961.5	1.5%
Fourth quarter	1,951.4	1,924.2	1.4%
Total year	$ 7,803.4	7,348.8	6.2%

Gross profit

Gross profit for 2014 was $2,154.2 million (27.6% of net sales), an increase of $233.4 million or 12.2%, compared to gross profit of $1,920.8 million (26.1% of net sales) for 2013. As a percentage of net sales, gross profit increased 150 basis points. The increase in gross profit dollars was primarily attributable to higher sales volume of approximately $151 million that was predominately attributable to the Marazzi and Spano acquisitions, savings from capital investments and cost reduction initiatives of approximately $86 million, the fair value inventory step-up adjustment in the prior year related to the Marazzi acquisition of approximately $31 million, the favorable net impact of price and product mix of approximately $26 million, lower restructuring, acquisition and integration-related costs of approximately $18 million, partially offset by costs associated with investments in expansion of production capacity of approximately $13 million, the net impact of unfavorable foreign exchange rates of approximately $15 million and higher input costs of approximately $49 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for 2014 were $1,381.4 million (17.7% of net sales), an increase of $7.5 million compared to $1,373.9 million (18.7% of net sales) for 2013. As a percentage of net sales, selling, general and administrative expenses decreased 100 basis points, primarily due to increased sales volumes. The increase in selling, general and administrative expenses in dollars was primarily attributable to approximately $71 million of costs associated with higher sales volumes due to higher legacy sales, acquisitions and new product introductions, and increased employee costs of approximately $12 million, partially offset by lower restructuring, acquisition and integration-related costs of approximately $32 million, improved efficiencies. of approximately $32 million and the positive impact of foreign exchange rates of approximately $10 million.

Operating income

Operating income for 2014 was $772.8 million (9.9% of net sales) reflecting an increase of $225.9 million, or 41.3%, compared to operating income of $546.9 million (7.4% of net sales) for 2013. The increase in operating income was primarily attributable to higher sales volume of approximately $89 million, savings from capital investments and cost reduction initiatives of approximately $86 million, lower restructuring, acquisition and integration-related costs of approximately $60 million, inventory step-up related to the Marazzi acquisition of approximately $31 million and partially offset by higher input costs of approximately $49 million.

Global Ceramic Segment—Operating income was $351.1 million (11.6% of segment net sales) for 2014 reflecting an increase of $141.3 million, or 67.3%, compared to operating income of $209.8 million (7.8% of segment net sales) for 2013. The increase in operating income was primarily attributable to sales volume increases of approximately $53 million, lower restructuring, acquisition and integration-related costs of approximately $33 million, inventory step-up in the prior year related to the Marazzi acquisition of approximately $31 million, savings from capital investments and cost reduction initiatives of approximately $32 million and the favorable net impact of price and product mix of approximately $32 million, partially offset by higher input costs of approximately $20 million.

Flooring NA Segment—Operating income was $300.0 million (8.7% of segment net sales) for 2014 reflecting an increase of $40.2 million, or 15.5%, compared to operating income of $259.8 million (7.6% of segment net sales) for 2013. The increase in operating income was primarily attributable to savings from capital investments and cost reduction initiatives of approximately $56 million, improved efficiencies in selling, general and administrative expenses of approximately $17 million, lower restructuring costs of approximately $15 million, partially offset by higher input costs of approximately $23 million, the unfavorable net impact of price and product mix of approximately $15 million and higher provision for legal reserves of approximately $10 million.

Flooring ROW Segment—Operating income was $151.5 million (11.2% of segment net sales) for 2014 reflecting an increase of $43.7 million, or 40.5%, compared to operating income of $107.8 million (8.6% of segment net sales) for 2013. The increase in operating income was primarily attributable to sales volume increases of approximately $33 million, lower restructuring, acquisition and integration-related costs of approximately $11 million and the favorable net impact of price and product mix of approximately $10 million, partially offset by higher input costs of approximately $5 million and costs associated with investments in new product development, sales personnel, and marketing of approximately $3 million.

Interest expense

Interest expense was $98.2 million for 2014, reflecting an increase of $6.0 million compared to interest expense of $92.2 million for 2013. The increase was primarily attributable to the bond redemption premium and related fees of approximately $20 million, partially offset by lower interest rates.

Other expense

Other expense was $10.7 million for 2014, reflecting an increase of $1.6 million compared to other expense of $9.1 million for 2013. The increase was primarily attributable to the disposal of a subsidiary of approximately $12.0 million.

Income tax expense

For 2014, the Company recorded income tax expense of $131.6 million on earnings from continuing operations before income taxes of $663.9 million for an effective tax rate of 19.8%, as compared to an income tax expense of $78.4 million on earnings from continuing operations before income taxes of $445.6 million, resulting in an effective tax rate of 17.6% for 2013. The increase in effective tax rates was primarily attributable to additional tax expense on a $218.3 million increase in foreign and domestic earnings (including approximately $23 million of increased tax expense arising out of Subpart F income) partially offset by a $7.4 million notional tax benefit in Italy and a $7.8 million tax benefit as a result of a favorable court case in Italy. See Note 13-Income Taxes.

Loss from discontinued operations, net of income tax benefit

For 2013, the Company recorded a loss from discontinued operations, net of income tax benefit of $17.9 million as discussed in Note 4-Discontinued Operations.

Liquidity and Capital Resources

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

Net cash flows provided by operating activities for 2015 were $911.9 million compared to $662.2 million provided by operating activities for 2014. The increase in cash provided by operating activities for 2015 as compared to 2014 is primarily attributable to changes in working capital. Receivables, inventories and accounts payable used approximately $7 million of cash in 2015 compared to $224 million 2014. These changes in working capital reflect normal fluctuations relative to the timing and nature of these transactions. Also contributing to the increase in cash provided by operating activities were higher earnings driven by increases in sales volumes, savings from capital investments and cost reduction initiatives, and decreases in income tax and interest expense, partially offset by the polyurethane foam litigation charge and the net impact of unfavorable foreign exchange rates. The increase in cash provided by operating activities of $137 million for 2014 as compared to 2013 was primarily attributable to higher earnings driven by increases in sales volumes, savings from capital investments and cost reduction initiatives and lower restructuring charges, and a decrease in deferred income taxes, partially offset by changes in working capital.

Net cash used in investing activities for 2015 was $1,874.2 million compared to net cash used in investing activities of $565.7 million for 2014. The increase was primarily attributable to acquisitions of $1,370.6 million in the current year, partially offset by lower capital expenditures of $57.8 million in the current year. The decrease in cash used in investing activities of $244.3 million for 2014 as compared to 2013 was primarily attributable to acquisitions of $443.5 million in 2013, partially offset by higher capital expenditures of $195.3 million in 2014.

Net cash provided by financing activities for 2015 was $964.1 million compared to net cash used in financing activities of $25.6 million for 2014. The change in cash used in financing as compared to 2014 is primarily attributable to net proceeds from commercial paper of $468.0 million and $564.7 million in proceeds from senior notes. Net cash used in financing activities for 2014 decreased $81.2 million compared to net cash used in financing activities of $106.8 million for 2013 primarily attributable to net proceeds from commercial paper of $302 million and $200 million in proceeds from asset securitization borrowings, partially offset by repayments of senior notes of $254 million and $165 million of net payments of the senior credit facility.

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 its size 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% (1.25% as of December 31, 2015), 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% (0.25% as of December 31, 2015). 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. As of December 31, 2015, the Company is paying a commitment fee of 0.15%. 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 $2.6 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.

As of December 31, 2015, amounts utilized under the 2015 Senior Credit Facility included $134.1 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 $756.9 million under the Company's U.S. and European commercial paper programs as of December 31, 2015 reduce the availability of the 2015 Senior Credit Facility. Taking the commercial paper borrowings into account, the Company has utilized $892.3 million under the 2015 Senior Credit Facility resulting in a total of $907.7 million available under the 2015 Senior Credit Facility.

Commercial Paper

On February 28, 2014, the Company established a U.S. 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. On May 21, 2015, following the amendment and restatement of the 2013 Credit Facility, the Company expanded the amount of borrowings permitted under its U.S. commercial paper program from $1,000.0 million to $1,800.0 million. The U.S. commercial paper notes have maturities ranging from one day to 397 days and are not subject to voluntary prepayment by the Company or redemption prior to maturity. The U.S. commercial paper notes rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

On July 31, 2015, the Company established a European commercial paper program for the issuance of unsecured commercial paper in the Eurozone capital markets. Under the European commercial paper program, the Company issues commercial paper notes from time to time, subject to a cap equal to €1,000.0 million. The European commercial paper notes have maturities ranging from one day to 183 days and are not subject to voluntary prepayment by the Company or redemption prior to maturity. The European commercial paper notes rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness. To the extent European commercial paper notes are issued by a subsidiary of the Company, payment on such notes will be fully and unconditionally guaranteed by the Company.

The Company uses its 2015 Senior Credit Facility as a liquidity backstop for its commercial paper programs. Accordingly, the total amount due and payable under all of the Company's commercial paper programs may not exceed $1,800.0 million (less any amounts drawn on the 2015 Senior Credit Facility) at any time.

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 U.S. commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. The Company used the initial proceeds from the sale of European commercial paper notes to repay euro-denominated borrowings under its 2015 Senior Credit Facility. As of December 31, 2015, the amount utilized under the commercial paper programs was $756.9 million with a weighted-average interest rate and maturity period of 0.65% and 28.35 days, respectively for the U.S. commercial paper program and 0.08% and 34.82 days, respectively for the European commercial paper program.

Senior Notes

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

On January 31, 2013, the Company issued $600.0 million aggregate principal amount of 3.85% Senior Notes due February 1, 2023. 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% Senior Notes due January 15, 2016. 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 as at December 31, 2014. 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 December 31, 2014.

On January 15, 2016, the Company paid the remaining approximately $645.6 million outstanding principal of its 6.125% Senior Notes using cash on hand and borrowings under its 2015 Senior Credit Facility.

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. On December 10, 2015, the Company amended the terms of the Securitization Facility, reducing the applicable margin and extending the termination date from December 19, 2015 to December 19, 2016. The Company paid financing costs of $0.3 million in connection with this extension. These costs were deferred and are being amortized over the remaining term of the Securitization Facility.

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. The Company has determined that Factoring is a bankruptcy remote subsidiary, 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. 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 0.65% 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 December 31, 2015, the amount utilized under the Securitization Facility was $500.0 million.

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 December 31, 2015, the Company had cash of $81.7 million, of which $61.2 million was held outside the United States. While the Company plans to permanently reinvest the cash held outside the United States, the estimated cost of repatriation for the cash as of December 31, 2015 was approximately $21.4 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.

The Company's Board of Directors has authorized the repurchase of up to 15 million shares of the Company's outstanding common stock. Since the inception of the program in 1999, a total of approximately 11.5 million shares have been repurchased at an aggregate cost of approximately $335.5 million. All of these repurchases have been financed through the Company's operations and banking arrangements. The Company did not repurchase shares during the year ended December 31, 2015.

Contractual obligations

The following is a summary of the Company's future minimum payments under contractual obligations as of December 31, 2015 (in millions):

	Total	2016	2017	2018	2019	2020	Thereafter
Recorded Contractual Obligations:							
Long-term debt, including current maturities and capital leases	$ 3,199.9	1,999.2	1.9	1.7	1.5	43.2	1,152.5
Unrecorded Contractual Obligations:							
Interest payments on long-term debt and capital leases (1)	314.2	83.2	34.7	34.7	34.7	35.3	91.4
Operating leases	297.1	95.4	76.7	54.3	34.9	20.3	15.5
Purchase commitments (2)	594.5	130.3	54.4	53.0	50.8	25.5	280.5
Expected pension contributions (3)	0.5	0.5	—	—	—	—	—
Uncertain tax positions (4)	0.7	0.7	—	—	—	—	—
Guarantees (5)	25.6	19.6	1.0	0.1	—	—	4.9
	1,232.5	329.7	166.8	142.1	120.4	81.1	392.3
Total	$ 4,432.4	2,328.9	168.7	143.8	121.9	124.3	1,544.8

(1) For fixed rate debt, the Company calculated interest based on the applicable rates and payment dates. For variable rate debt, the Company estimated average outstanding balances for the respective periods and applied interest rates in effect as of December 31, 2015 to these balances.

(2) Includes volume commitments for natural gas, electricity and raw material purchases.

(3) Includes the estimated pension contributions for 2016 only, as the Company is unable to estimate the pension contributions beyond 2016. The Company's projected benefit obligation and plan assets as of December 31, 2015 were $23.7 million and $20.5 million, respectively. The projected benefit obligation liability has not been presented in the table above due to uncertainty as to amounts and timing regarding future payments.

(4) Excludes $36.4 million of non-current accrued income tax liabilities and related interest and penalties for uncertain tax positions. These liabilities have not been presented in the table above due to uncertainty as to amounts and timing regarding future payments.

(5) Includes bank guarantees and letters of credit.

Critical Accounting Policies

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

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements included elsewhere in this report. Some of those significant accounting policies require the Company to make subjective or complex judgments or estimates. Critical accounting policies are defined as those that are both most important to the portrayal of a company's financial condition and results and require management's most difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

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

- *Accounts receivable and revenue recognition.* Revenues are recognized when there is persuasive evidence of an arrangement, delivery has occurred, the price has been fixed or is determinable, and collectability can be reasonably assured. The Company provides allowances for expected cash discounts, sales allowances, returns, claims and doubtful accounts based upon historical bad debt and claims experience and periodic evaluation of specific customer accounts and the aging of accounts receivable. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. A 10% change in the Company's allowance for discounts, returns, claims and doubtful accounts would have affected net earnings by approximately $5 million for the year ended December 31, 2015.

- *Inventories are stated at the lower of cost or market (net realizable value).* Cost has been determined using the first-in first-out method ("FIFO"). Costs included in inventory include raw materials, direct and indirect labor and employee benefits, depreciation, general manufacturing overhead and various other costs of manufacturing. Market, with respect to all inventories, is replacement cost or net realizable value. Inventories on hand are compared against anticipated future usage, which is a function of historical usage, anticipated future selling price, expected sales below cost, excessive quantities and an evaluation for obsolescence. Actual results could differ from assumptions used to value obsolete inventory, excessive inventory or inventory expected to be sold below cost and additional reserves may be required. A 10% change in the Company's reserve for excess or obsolete inventory would have affected net earnings by approximately $7 million for the year ended December 31, 2015.

- *Acquisition Accounting.* The fair value of the consideration we pay for each new acquisition is allocated to tangible assets and identifiable intangible assets, liabilities assumed, any non-controlling interest in the acquired entity and goodwill. The accounting for acquisitions involves a considerable amount of judgment and estimate, including the fair value of certain forms of consideration; fair value of acquired intangible assets involving projections of future revenues and cash flows that are then either discounted at an estimated discount rate or measured at an estimated royalty rate; fair value of other acquired assets and assumed liabilities, including potential contingencies; and the useful lives of the acquired assets. The assumptions used are determined at the time of the acquisition in accordance with accepted valuation models. Projections are developed using internal forecasts, available industry and market data and estimates of long-term rates of growth for our business. The impact of prior or future acquisitions on our financial position or results of operations may be materially impacted by the change in or initial selection of assumptions and estimates. See Note 2-Acquisitions for further discussion of business combination accounting valuation methodology and assumptions.

- *Goodwill and other intangibles.* Goodwill is tested annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances. The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. The goodwill impairment tests are based on determining the fair value of the specified reporting units based on management judgments and assumptions using the discounted cash flows and comparable company market valuation approaches. The Company has identified Global Ceramic, Flooring NA and Flooring ROW as its reporting units for the purposes of allocating goodwill and intangibles as well as assessing impairments. The valuation approaches are subject to key judgments and assumptions that are sensitive to change such as judgments and assumptions about appropriate sales growth rates, operating margins, weighted average cost of capital ("WACC"), and comparable company market multiples. When developing these key judgments and assumptions, the Company considers economic, operational and market conditions that could impact the fair value of the reporting unit. However, estimates are inherently uncertain and represent only management's reasonable expectations regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Should a significant or prolonged deterioration in economic conditions occur, such as declines in spending for new construction, remodeling and replacement activities; the inability to pass increases in the costs of raw materials and fuel on to customers; or a decline in comparable company market multiples, then key judgments and assumptions could be impacted. Generally, a decline in estimated after tax cash flows of more than 35% or a more than 28% increase in WACC or a significant or prolonged decline in market capitalization could result in an additional indication of impairment.

The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Significant judgments inherent in this analysis include assumptions about appropriate sales growth rates, royalty rates, WACC and the amount of expected future cash flows. These judgments and assumptions are subject to the variability discussed above.

The impairment evaluation for indefinite lived intangible assets, which for the Company are its trademarks, is conducted during the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The determination of fair value used in the impairment evaluation is based on discounted estimates of future sales projections attributable to ownership of the trademarks. Significant judgments inherent in this analysis include assumptions about appropriate sales growth rates, royalty rates, WACC and the amount of expected future cash flows. The judgments and assumptions used in the estimate of fair value are generally consistent with past performance and are also consistent with the projections and assumptions that are used in operating plans. Such assumptions are subject to change as a result of changing economic and competitive conditions. The determination of fair value is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of the trademarks. Estimated cash flows are sensitive to changes in the economy among other things.

The Company reviews its long-lived asset groups, which include intangible assets subject to amortization, which for the Company are its patents and customer relationships, for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset groups may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of long-lived assets to future undiscounted net cash flows expected to be generated by these asset groups. If such asset groups are considered to be impaired, the impairment recognized is the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets held for sale are reported at the lower of the carrying amount or fair value less estimated costs of disposal and are no longer depreciated.

The Company conducted its annual assessment of goodwill and indefinite lived intangibles in the fourth quarter and no impairment was indicated for 2015.

- *Income taxes.* The Company's effective tax rate is based on its income, statutory tax rates and tax planning opportunities available in the jurisdictions in which it operates. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining the Company's tax expense and in evaluating the Company's tax positions. Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in a future period. The Company evaluates the recoverability of these future tax benefits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely on estimates, including business forecasts and other projections of financial results over an extended period of time. In the event that the Company is not able to realize all or a portion of its deferred tax assets in the future, a valuation allowance is provided. The Company would recognize such amounts through a charge to income in the period in which that determination is made or when tax law changes are enacted. The Company had valuation allowances of $287.6 million in 2015, $300.5 million in 2014 and $375.9 million in 2013. For further information regarding the Company's valuation allowances, see Note 13-Income Taxes.

  In the ordinary course of business there is inherent uncertainty in quantifying the Company's income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon the Company's evaluation of the facts, circumstances and information available as of the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information, as required by the provisions of the Financial Accounting Standards Board ("FASB") FASB Accounting Standards Codification Topic ("ASC") 740-10. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the consolidated financial statements. As of December 31, 2015, the Company has $51.0 million accrued for uncertain tax positions. For further information regarding the Company's uncertain tax positions, see Note 13-Income Taxes.

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

Recent Accounting Pronouncements

See Note 1(v), “Summary of Significant Accounting Policies", of our accompanying audited consolidated financial statements in Item 8 of this Annual Report on Form 10-K for a description of recent accounting pronouncements including the dates, or expected dates of adoption, and effects, or expected effects, on our disclosures, results of operations, and financial condition.

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 Flooring NA and Global 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 Flooring ROW segment’s second quarter typically produces the highest net sales and earnings followed by a moderate first and fourth quarter and a weaker third quarter.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company’s market risk is impacted by changes in foreign currency exchange rates, interest rates and certain commodity prices. Financial exposures to these risks are monitored as an integral part of the Company’s risk management program, which seeks to reduce the potentially adverse effect that the volatility of these markets may have on its operating results. The Company does not regularly engage in speculative transactions, nor does it regularly hold or issue financial instruments for trading purposes. Excluding the hedge of net investment discussed in Note 1(o) "Hedges of Net Investments in Non-U.S. Operations", of our accompanying consolidated financial statements and supplementary data in Item 8 of this Annual Report on Form 10-K, the Company did not have any derivative contracts outstanding as of December 31, 2015 and 2014.

Interest Rate Risk

As of December 31, 2015, approximately 57% of the Company’s debt portfolio was comprised of fixed-rate debt and 43% was floating-rate debt. The Company believes that probable near-term changes in interest rates would not materially affect its financial condition, results of operations or cash flows. The annual impact on interest expense of a one-percentage point interest rate change on the outstanding balance of our variable rate debt as of December 31, 2015 would be approximately $14 million or $0.12 to diluted EPS.

Foreign Exchange Risk

As a result of being a global enterprise, there is exposure to market risks from changes in foreign currency exchange rates, which may adversely affect the operating results and financial condition of the Company. Principal foreign currency exposures relate primarily to the euro and to a lesser extent the Russian ruble, the Mexican peso, the Canadian dollar, the Australian dollar, the British pound and the Malaysian ringgit.

The Company’s objective is to balance, where possible, non-functional currency denominated assets to non-functional currency denominated liabilities to have a natural hedge and minimize foreign exchange impacts. The Company enters into cross border transactions through importing and exporting goods to and from different countries and locations. These transactions generate foreign exchange risk as they create assets, liabilities and cash flows in currencies other than their functional currency. This also applies to services provided and other cross border agreements among subsidiaries.

The Company takes steps to minimize risks from foreign currency exchange rate fluctuations through normal operating and financing activities. The Company does not enter into any speculative positions with regard to derivative instruments.

Based on financial results for the year ended December 31, 2015, a hypothetical overall 10 percent change in the U.S. dollar against the euro and Russian ruble would have resulted in a translational adjustment of approximately $31 million.

Item 8. Consolidated Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Mohawk Industries, Inc.:

We have audited the accompanying consolidated balance sheets of Mohawk Industries, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mohawk Industries, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Mohawk Industries, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
February 29, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Mohawk Industries, Inc.:

We have audited Mohawk Industries, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Mohawk Industries, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, as set forth in Item 9A. of Mohawk Industries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Mohawk Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission.

On May 12, 2015, June 12, 2015 and December 7, 2015, the Company completed the acquisitions of the KAI Group, the IVC Group and Xtratherm, respectively. As a result, management excluded the KAI Group, the IVC Group and Xtratherm from its assessment of internal control over financial reporting. The KAI Group, the IVC Group and Xtratherm represent 12.7% of the Company's total assets (excluding goodwill and intangible assets of 32.9%); and 4.9% of the Company's net sales of the related consolidated financial statement amounts as of and for the year ended December 31, 2015, respectively. Our audit of internal control over financial reporting of Mohawk Industries, Inc. also excluded an evaluation of the internal control over financial reporting of the KAI Group, the IVC Group and Xtratherm.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mohawk Industries, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 29, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Atlanta, Georgia
February 29, 2016

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2015 and 2014

	2015	2014
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 81,692	97,877
Receivables, net	1,257,505	1,081,963
Inventories	1,607,256	1,543,313
Prepaid expenses	258,633	225,759
Other current assets	44,886	31,574
Total current assets	3,249,972	2,980,486
Property, plant and equipment, net	3,147,118	2,703,210
Goodwill	2,293,365	1,604,352
Tradenames	632,349	622,691
Other intangible assets, net	304,192	79,318
Deferred income taxes and other non-current assets	315,368	295,487
	$ 9,942,364	8,285,544
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 2,003,003	851,305
Accounts payable and accrued expenses	1,256,025	1,095,419
Total current liabilities	3,259,028	1,946,724
Deferred income taxes	388,130	410,764
Long-term debt, less current portion	1,196,928	1,402,135
Other long-term liabilities	215,463	103,108
Total liabilities	5,059,549	3,862,731
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interest	21,952	—
Stockholders’ equity:		
Preferred stock, $.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, $.01 par value; 150,000 shares authorized; 81,280 and 81,070 shares issued in 2015 and 2014, respectively	813	811
Additional paid-in capital	1,760,016	1,598,887
Retained earnings	4,102,707	3,487,079
Accumulated other comprehensive loss	(793,568)	(429,321)
	5,069,968	4,657,456
Less treasury stock at cost; 7,351 and 8,157 shares in 2015 and 2014, respectively	215,795	239,450
Total Mohawk Industries, Inc. stockholders’ equity	4,854,173	4,418,006
Noncontrolling interest	6,690	4,807
Total stockholders' equity	4,860,863	4,422,813
	$ 9,942,364	8,285,544

See accompanying notes to consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
Years Ended December 31, 2015, 2014 and 2013

	2015	2014	2013
	(In thousands, except per share data)		
Net sales	$ 8,071,563	7,803,446	7,348,754
Cost of sales	5,660,877	5,649,254	5,427,945
Gross profit	2,410,686	2,154,192	1,920,809
Selling, general and administrative expenses	1,573,120	1,381,396	1,373,878
Operating income	837,566	772,796	546,931
Interest expense	71,086	98,207	92,246
Other expense	17,619	10,698	9,114
Earnings from continuing operations before income taxes	748,861	663,891	445,571
Income tax expense	131,875	131,637	78,385
Earnings from continuing operations	616,986	532,254	367,186
Loss from discontinued operations, net of income tax benefit of $1,050	—	—	(17,895)
Net earnings including noncontrolling interest	616,986	532,254	349,291
Net earnings attributable to noncontrolling interest	1,684	289	505
Net earnings attributable to Mohawk Industries, Inc.	$ 615,302	531,965	348,786
Basic earnings per share attributable to Mohawk Industries, Inc.			
Income from continuing operations	$ 8.37	7.30	5.11
Loss from discontinued operations	—	—	(0.25)
Basic earnings per share attributable to Mohawk Industries, Inc.	$ 8.37	7.30	4.86
Weighted-average common shares outstanding—basic	73,516	72,837	71,773
Diluted earnings per share attributable to Mohawk Industries, Inc.			
Income from continuing operations	$ 8.31	7.25	5.07
Loss from discontinued operations	—	—	(0.25)
Diluted earnings per share attributable to Mohawk Industries, Inc.	$ 8.31	7.25	4.82
Weighted-average common shares outstanding—diluted	74,043	73,363	72,301

See accompanying notes to consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2015, 2014 and 2013

	2015	2014	2013
		(in thousands)	
Net earnings including noncontrolling interest	$ 616,986	532,254	349,291
Other comprehensive income (loss):			
Foreign currency translation adjustments	(360,147)	(607,351)	18,185
Prior pension and post-retirement benefit service cost and actuarial (loss) gain	(4,100)	(659)	771
Other comprehensive income (loss)	(364,247)	(608,010)	18,956
Comprehensive income (loss)	252,739	(75,756)	368,247
Comprehensive income attributable to the non-controlling interest	1,684	289	505
Comprehensive income (loss) attributable to Mohawk Industries, Inc.	$ 251,055	(76,045)	367,742

See accompanying notes to consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2015, 2014 and 2013

		Total Stockholders' Equity								
		Common Stock					Treasury Stock			
	Redeemable Noncontrolling Interest	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shares	Amount	Noncontrolling Interest	Total Stockholders' Equity
					(In thousands)					
Balances at December 31, 2012	$ —	80,185	$ 802	$1,277,521	$2,605,023	$ 159,733	(11,032)	$(323,462)	$ —	$3,719,617
Marazzi acquisition	—	—	—	229,631	—	—	2,874	84,275	—	313,906
Shares issued under employee and director stock plans	—	656	6	37,583	—	—	3	(47)	—	37,542
Stock-based compensation expense	—	—	—	18,311	—	—	—	—	—	18,311
Tax benefit from stock-based compensation	—	—	—	3,939	—	—	—	—	—	3,939
Noncontrolling earnings	—	—	—	—	—	—	—	—	505	505
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	—	8,744	8,744
Currency translation adjustment	—	—	—	—	—	18,185	—	—	—	18,185
Pension prior service cost and actuarial gain	—	—	—	—	—	771	—	—	—	771
Net income	—	—	—	—	348,786	—	—	—	—	348,786
Balances at December 31, 2013	—	80,841	808	1,566,985	2,953,809	178,689	(8,155)	(239,234)	9,249	4,470,306
Shares issued under employee and director stock plans	—	229	3	(1,113)	—	—	(2)	(216)	—	(1,326)
Stock-based compensation expense	—	—	—	27,961	—	—	—	—	—	27,961
Tax benefit from stock-based compensation	—	—	—	5,054	—	—	—	—	—	5,054
Distribution of noncontrolling interest	—	—	—	—	—	—	—	—	(1,087)	(1,087)
Noncontrolling earnings	—	—	—	—	—	—	—	—	289	289
Currency translation adjustment on non-controlling interests	—	—	—	—	—	—	—	—	(2,339)	(2,339)
Acquisition of noncontrolling interest	—	—	—	—	1,305	—	—	—	(1,305)	—
Currency translation adjustment	—	—	—	—	—	(607,351)	—	—	—	(607,351)
Pension prior service cost and actuarial loss	—	—	—	—	—	(659)	—	—	—	(659)
Net income	—	—	—	—	531,965	—	—	—	—	531,965
Balances at December 31, 2014	—	81,070	811	1,598,887	3,487,079	(429,321)	(8,157)	(239,450)	4,807	4,422,813
IVC Group acquisition	—	—	—	129,445	—	—	806	23,651	—	153,096
Shares issued under employee and director stock plans	—	210	2	(6,536)	—	—	—	4	—	(6,530)
Stock-based compensation expense	—	—	—	32,552	—	—	—	—	—	32,552
Tax benefit from stock-based compensation	—	—	—	5,668	—	—	—	—	—	5,668
Accretion of redeemable noncontrolling interest	194	—	—	—	(194)	—	—	—	—	(194)
Noncontrolling earnings	1,428	—	—	—	—	—	—	—	256	256
Currency translation adjustment on non-controlling interests	(713)	—	—	—	—	—	—	—	(970)	(970)
Acquisition of noncontrolling interest, net of tax	21,043	—	—	—	520	—	—	—	2,597	3,117
Currency translation adjustment	—	—	—	—	—	(360,147)	—	—	—	(360,147)
Prior pension and post-retirement benefit service cost and actuarial loss	—	—	—	—	—	(4,100)	—	—	—	(4,100)
Net income	—	—	—	—	615,302	—	—	—	—	615,302
Balances as of December 31, 2015	$ 21,952	81,280	$ 813	$1,760,016	$4,102,707	$ (793,568)	(7,351)	$(215,795)	$ 6,690	$4,860,863

See accompanying notes to consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2015, 2014 and 2013

	2015	2014	2013
		(In thousands)	
Cash flows from operating activities:			
Net earnings	$ 616,986	532,254	349,291
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Restructuring	33,085	16,497	69,489
Loss on sale of discontinued operation	—	—	12,478
Loss on sale of subsidiary	—	11,954	—
Depreciation and amortization	362,647	345,570	308,871
Deferred income taxes	(28,883)	(24,026)	(62,525)
Loss on extinguishment of debt	—	20,001	—
Loss on disposal of property, plant and equipment	3,007	2,153	1,261
Stock-based compensation expense	32,552	27,961	18,311
Changes in operating assets and liabilities, net of effects of acquisitions:			
Receivables, net	(14,383)	(107,705)	(96,313)
Inventories	6,400	(67,016)	(20,211)
Accounts payable and accrued expenses	783	(49,204)	(23,921)
Other assets and prepaid expenses	(75,813)	(30,376)	(6,554)
Other liabilities	(24,508)	(15,875)	(25,014)
Net cash provided by operating activities	911,873	662,188	525,163
Cash flows from investing activities:			
Additions to property, plant and equipment	(503,657)	(561,804)	(366,550)
Acquisitions, net of cash acquired	(1,370,567)	19	(443,466)
Net change in cash from sale of subsidiary	—	(3,867)	—
Net cash used in investing activities	(1,874,224)	(565,652)	(810,016)
Cash flows from financing activities:			
Payments on Senior Credit Facilities	(1,376,082)	(1,613,484)	(3,021,613)
Proceeds from Senior Credit Facilities	1,315,930	1,448,191	3,229,503
Payments on Commercial Paper	(15,934,767)	(7,424,751)	—
Proceeds from Commercial Paper	16,402,507	7,726,351	—
Repayment of senior notes	—	(254,445)	—
Proceeds from asset securitization borrowings	—	200,000	20,000
Proceeds from senior note issuance	564,653	—	600,000
Payments on other debt	—	(55,358)	(1,745)
Payments on acquired debt and other financings	(9,530)	(42,954)	(964,557)
Debt issuance costs	(7,109)	—	(7,669)
Debt extinguishment costs	—	(18,921)	—
Distribution to non-controlling interest	—	(1,087)	—
Change in outstanding checks in excess of cash	(2,052)	(1,920)	(7,468)
Proceeds and net tax benefit from stock transactions	10,533	12,828	46,776
Net cash provided by (used in) financing activities	964,083	(25,550)	(106,773)
Effect of exchange rate changes on cash and cash equivalents	(17,917)	(27,175)	(31,980)
Net change in cash and cash equivalents	(16,185)	43,811	(423,606)
Cash and cash equivalents, beginning of year	97,877	54,066	477,672
Cash and cash equivalents, end of year	$ 81,692	97,877	54,066

See accompanying notes to consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Years Ended December 31, 2015, 2014 and 2013
(In thousands, except per share data)

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

Mohawk Industries, Inc. (“Mohawk” or the “Company”), a term which includes the Company and its subsidiaries, 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 the production of carpet, rugs, ceramic tile, laminate, wood, stone, luxury vinyl tile ("LVT") and vinyl flooring.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Segment Realignment

During the second quarter of 2015, the Company realigned its reportable segments to reflect how the Company’s results will be reported by management. The Company has reorganized its business into three segments - Global Ceramic, Flooring North America ("Flooring NA") and Flooring Rest of the World ("Flooring ROW"). In order to leverage its relationship and distribution capabilities, the Company organized its carpet, wood, laminate, LVT and vinyl operations by geography into the Flooring NA segment and Flooring ROW segment. The Company did not make changes to the Global Ceramic segment, which includes our ceramic tile and stone operations. Previously reported segment results have been reclassified to conform to the current period presentation.

This new segment structure is consistent with the strategic objective that management now applies to manage the growth and profitability of the Company’s business. The Global Ceramic segment includes all worldwide tile and natural stone operations. The Flooring NA segment includes North American operations in all product categories except tile and natural stone. The new segment combines the former Carpet segment with the North American operations of the former Laminate and Wood segment and the North American operations of the Company’s newly acquired LVT and vinyl flooring businesses. The Flooring ROW segment includes operations outside of North America in all product categories except tile and natural stone. The new segment combines the European and Rest of the World operations of the former Laminate and Wood segment and the European and Rest of the World operations of the Company’s newly acquired LVT and vinyl flooring businesses.

(c) Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2015, the Company had cash of $81,692 of which $61,173 was held outside the United States. As of December 31, 2014, the Company had cash of $97,877 of which $76,771 was held outside the United States.

(d) Accounts Receivable and Revenue Recognition

The Company is principally a carpet, rugs, ceramic tile, laminate, vinyl and hardwood flooring manufacturer and sells carpet, rugs, ceramic tile, natural stone, hardwood, sheet vinyl, LVT and laminate flooring products in the U.S. and to a lesser extent, Mexico, Europe and Russia principally for residential and commercial use. The Company grants credit to customers, most of whom are retail-flooring dealers, home centers and commercial end users, under credit terms that the Company believes are customary in the industry.

Revenues, which are recorded net of taxes collected from customers, are recognized when there is persuasive evidence of an arrangement, delivery has occurred, the price has been fixed or is determinable, and collectability can be reasonably assured. The Company provides allowances for expected cash discounts, returns, claims, sales allowances and doubtful accounts based upon historical bad debt and claims experience and periodic evaluations of specific customer accounts and the aging of accounts receivable. Licensing revenues received from third parties for patents are recognized based on contractual agreements.

(e) Inventories

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

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost, including capitalized interest. Depreciation is calculated on a straight-line basis over the estimated remaining useful lives, which are 25-40 years for buildings and improvements, 5-15 years for machinery and equipment, the shorter of the estimated useful life or lease term for leasehold improvements and 3-7 years for furniture and fixtures.

(g) Accounting for Business Combinations

The Company accounts for business combinations under the acquisition method of accounting which requires it to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

(h) Goodwill and Other Intangible Assets

In accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 350, *"Intangibles-Goodwill and Other,"* the Company tests goodwill and other intangible assets with indefinite lives for impairment on an annual basis in the fourth quarter (or on an interim basis if an event occurs that might reduce the fair value of the reporting unit below its carrying value). The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. The goodwill impairment tests are based on determining the fair value of the specified reporting units based on management's judgments and assumptions using the discounted cash flows and comparable company market valuation approaches. The Company has identified Global Ceramic, Flooring NA, and Flooring ROW as its reporting units for the purposes of allocating goodwill and intangibles as well as assessing impairments. The valuation approaches are subject to key judgments and assumptions that are sensitive to change such as judgments and assumptions about appropriate sales growth rates, operating margins, weighted average cost of capital ("WACC"), and comparable company market multiples.

When developing these key judgments and assumptions, the Company considers economic, operational and market conditions that could impact the fair value of the reporting unit. However, estimates are inherently uncertain and represent only management's reasonable expectations regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Should a significant or prolonged deterioration in economic conditions occur, such as continued declines in spending for new construction, remodeling and replacement activities; the inability to pass increases in the costs of raw materials and fuel on to customers; or a decline in comparable company market multiples, then key judgments and assumptions could be impacted.

The impairment evaluation for indefinite lived intangible assets, which for the Company are its trademarks, is conducted during the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that an asset might be impaired. During 2012, the Company adopted Accounting Standard Update No. 2011-08, *"Testing Goodwill for Impairment,"* and early adopted Accounting Standard Update No. 2012-02, *"Testing Indefinite-Lived Intangible Assets for Impairment."* As a result, beginning in 2012, the first step of the impairment tests for our indefinite lived intangible assets is a thorough assessment of qualitative factors to determine the existence of events or circumstances that would indicate that it is not more likely than not that the fair value of these assets is less than their carrying amounts. If the qualitative test indicates it is not more likely than not that the fair value of these assets is less than their carrying amounts, a quantitative assessment is not required. If a quantitative test is necessary, the second step of our impairment test involves comparing the estimated fair value of a reporting unit to its carrying amount. The determination of fair value used in the impairment evaluation is based on discounted estimates of future sales projections attributable to ownership of the trademarks. Significant judgments inherent in this analysis include assumptions about appropriate sales growth rates, royalty rates, WACC and the amount of expected future cash flows. The judgments and assumptions used in the estimate of fair value are generally consistent with past performance and are also consistent with the projections and assumptions that are used in current operating plans. Such assumptions are subject to change as a result of changing economic and competitive conditions. The determination of fair value is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of the trademarks. Estimated cash flows are sensitive to changes in the economy among other things. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Intangible assets that do not have indefinite lives are amortized based on average lives, which range from 7-16 years.

(i) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

(j) Financial Instruments

The Company’s financial instruments consist primarily of receivables, accounts payable, accrued expenses and long-term debt. The carrying amounts of receivables, accounts payable and accrued expenses approximate their fair value because of the short-term maturity of such instruments. The carrying amount of the Company’s floating rate debt approximates its fair value based upon level two fair value hierarchy. Interest rates that are currently available to the Company for issuance of long-term debt with similar terms and remaining maturities are used to estimate the fair value of the Company’s long-term debt.

(k) Advertising Costs and Vendor Consideration

Advertising and promotion expenses are charged to earnings during the period in which they are incurred. Advertising and promotion expenses included in selling, general, and administrative expenses were $49,056 in 2015, $45,487 in 2014 and $42,627 in 2013.

Vendor consideration, generally cash, is classified as a reduction of net sales, unless specific criteria are met regarding goods or services that the Company may receive in return for this consideration. The Company makes various payments to customers, including rebates, slotting fees, advertising allowances, buy-downs and co-op advertising. All of these payments reduce gross sales with the exception of co-op advertising. Co-op advertising is classified as a selling, general and administrative expense in accordance with ASC 605-50. Co-op advertising expenses, a component of advertising and promotion expenses, were $5,419 in 2015, $4,826 in 2014 and $4,307 in 2013.

(l) Product Warranties

The Company warrants certain qualitative attributes of its flooring products. The Company has recorded a provision for estimated warranty and related costs, based on historical experience and periodically adjusts these provisions to reflect actual experience.

(m) Impairment of Long-Lived Assets

The Company reviews its long-lived asset groups, which include intangible assets subject to amortization, which for the Company are its patents and customer relationships, for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset groups may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of long-lived assets to future undiscounted net cash flows expected to be generated by these asset groups. If such asset groups are considered to be impaired, the impairment recognized is the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets held for sale are reported at the lower of the carrying amount or fair value less estimated costs of disposal and are no longer depreciated.

(n) Foreign Currency Translation

The Company's subsidiaries that operate outside the United States use their local currency as the functional currency. The functional currency is translated into U.S. Dollars for balance sheet accounts using the month end rates in effect as of the balance sheet date and average exchange rate for revenue and expense accounts for each respective period. The translation adjustments are deferred as a separate component of stockholders' equity, within accumulated other comprehensive income (loss). Gains or losses resulting from transactions denominated in foreign currencies are included in other income or expense, within the consolidated statements of operations.

(o) Hedges of Net Investments in Non-U.S. Operations

The Company has numerous investments outside the United States. The net assets of these subsidiaries are exposed to changes and volatility in currency exchange rates. The Company uses foreign currency denominated debt to hedge its non-U.S. net investments against adverse movements in exchange rates. The gains and losses on the Company's net investments in its non-U.S. operations are economically offset by losses and gains on its foreign currency borrowings. The Company designated its €500,000 2.00% Senior Notes borrowing as a net investment hedge of a portion of its European operations. For the year ended December 31, 2015, the change in the U.S. dollar value of the Company's euro denominated debt was $18,025 ($11,266 net of taxes), which is recorded in the foreign currency translation adjustment component of accumulated other comprehensive income (loss). The increase in the U.S. dollar value of the Company's debt partially offsets the euro-to-dollar translation of the Company's net investment in its European operations.

(p) Earnings per Share ("EPS")

Basic net earnings per share ("EPS") is calculated using net earnings available to common stockholders divided by the weighted-average number of shares of common stock outstanding during the year. Diluted EPS is similar to basic EPS except that the weighted-average number of shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

Dilutive common stock options are included in the diluted EPS calculation using the treasury stock method. There were no common stock options and unvested restricted shares (units) that were not included in the diluted EPS computation because the price was greater than the average market price of the common shares for the periods presented for 2015, 2014 and 2013.

Computations of basic and diluted earnings per share from continuing operations are presented in the following table:

	2015	2014	2013
Earnings from continuing operations attributable to Mohawk Industries, Inc.	$ 615,302	531,965	366,681
Accretion of redeemable noncontrolling interest [(a)]	(194)	—	—
Net earnings available to common stockholders	$ 615,108	531,965	366,681
Weighted-average common shares outstanding-basic and diluted:			
Weighted-average common shares outstanding - basic	73,516	72,837	71,773
Add weighted-average dilutive potential common shares - options and RSU's to purchase common shares, net	527	526	528
Weighted-average common shares outstanding-diluted	74,043	73,363	72,301
Earnings per share from continuing operations attributable to Mohawk Industries, Inc.			
Basic	$ 8.37	7.30	5.11
Diluted	$ 8.31	7.25	5.07

(a) Represents the accretion of the Company's redeemable noncontrolling interest to redemption value. See Note 2 - Acquisitions for further information.

(q) 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 ASC 718-10, "*Stock Compensation*". Compensation expense is generally recognized on a straight-line basis over the awards' estimated lives for fixed awards with ratable vesting provisions.

(r) Employee Benefit Plans

The Company has a 401(k) retirement savings plan (the "Mohawk Plan") open to substantially all U.S. and Puerto Rico based employees who have completed 90 days of eligible service. The Company contributes $.50 for every $1.00 of employee contributions up to a maximum of 6% of the employee's salary based upon each individual participants election. Employee and employer contributions to the Mohawk Plan were $45,279 and $18,882 in 2015, $42,681 and $17,654 in 2014 and $38,632 and $15,994 in 2013, respectively.

The Company also has various pension plans covering employees in Belgium, France, and the Netherlands (the "Non-U.S. Plans") within the Flooring ROW segment. Benefits under the Non-U.S. Plans depend on compensation and years of service. The Non-U.S. Plans are funded in accordance with local regulations. The Company uses December 31 as the measurement date for its Non-U.S. Plans. As of December 31, 2015, the funded status of the Non-U.S. Plans was a liability of $3,224 of which $1,075 was recorded in accumulated other comprehensive income, for a net liability of $2,149 recorded in other long-term liabilities within the consolidated balance sheets. As of December 31, 2014, the funded status of the Non-U.S. Plans was a liability of $3,320 of which $1,450 was recorded in accumulated other comprehensive income (loss), for a net liability of $1,870 recorded in other long-term liabilities within the consolidated balance sheets.

(s) Comprehensive Income (Loss)

Comprehensive income (loss) includes foreign currency translation of assets and liabilities of foreign subsidiaries, effects of exchange rate changes on intercompany balances of a long-term nature and pensions. The Company does not provide income taxes on currency translation adjustments, as earnings from foreign subsidiaries are considered to be indefinitely reinvested.

Effective January 1, 2013, the Company adopted the accounting guidance that requires the Company to separately disclose, on a prospective basis, the change in each component of other comprehensive income (loss) relating to reclassification adjustments and current period other comprehensive income (loss). As the guidance relates to presentation only, the adoption did not have a material impact on the Company's results of operations, financial position or cash flows.

The changes in accumulated other comprehensive income (loss) by component, net of tax, for years ended December 31, 2015, 2014 and 2013 are as follows:

	Foreign currency translation adjustments	Pensions and post-retirement benefits	Total
Balance as of December 31, 2012	$ 160,661	(928)	159,733
Current period other comprehensive income (loss) before reclassifications	18,185	771	18,956
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Balance as of December 31, 2013	178,846	(157)	178,689
Current period other comprehensive income (loss) before reclassifications	(607,351)	(659)	(608,010)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Balance as of December 31, 2014	(428,505)	(816)	(429,321)
Current period other comprehensive income (loss) before reclassifications	(360,147)	(4,100)	(364,247)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Balance as of December 31, 2015	$ (788,652)	(4,916)	(793,568)

(t) Self-Insurance Reserves

The Company is self-insured in the U.S. for various levels of general liability, auto liability, workers' compensation and employee medical coverage. Insurance reserves, excluding workers' compensation, are calculated on an undiscounted basis based on actual claim data and estimates of incurred but not reported claims developed utilizing historical claim trends. Projected settlements and incurred but not reported claims are estimated based on pending claims and historical trends and data. Though the Company does not expect them to do so, actual settlements and claims could differ materially from those estimated. Material differences in actual settlements and claims could have an adverse effect on the Company's results of operations and financial condition.

(u) Fiscal Year

The Company ends its fiscal year on December 31. Each of the first three quarters in the fiscal year ends on the Saturday nearest the calendar quarter end with a thirteen week fiscal quarter.

(v) Recent Accounting Pronouncements

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. On July 9, 2015, the FASB decided to defer the effective date of ASC 606 for one year. The deferral results in the new revenue standard being effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. The Company currently plans to adopt the provisions of this new accounting standard at the beginning of fiscal year 2018, and is currently assessing the impact on its consolidated 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, versus recording the costs as a prepaid expense in other assets that is amortized. The new standard will more closely align the presentation of debt issuance costs under U.S. GAAP with the presentation under comparable IFRS. In August 2015, the FASB issued ASU 2015-15, *Interest - Imputation of Interest* (Subtopic 835-30) to address the measurement of debt issuance costs associated with line-of-credit arrangements. ASU 2015-15 states that an entity can defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless if there are outstanding borrowings on the line-of-credit arrangement. 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. As this standard impacts only the classification of certain amounts within the consolidated balance sheets, the Company does not expect this ASU to have a material impact on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. This update changes the measurement principle for inventory for entities using FIFO or average cost from the lower of cost or market to lower of cost and net realizable value. Entities that measure inventory using LIFO or the retail inventory method are not affected. This update will more closely align the accounting for inventory under U.S. GAAP with IFRS. The new guidance is effective for annual reporting periods beginning after December 15, 2016 including interim periods within that reporting period and early adoption is permitted. The Company currently accounts for inventory using the FIFO method. Accordingly, the Company plans to adopt the provisions of this update at the beginning of fiscal year 2017, and is currently assessing the impact on its consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Under this ASU, acquirers must recognize measurement-period adjustments in the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previous periods if the accounting had been completed at the acquisition date. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Accordingly, the Company plans to adopt the provisions of this update at the beginning of fiscal year 2017, and is currently assessing the impact on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The new standard intends to simplify the accounting for and presentation of deferred taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The new standard will more closely align the presentation of deferred taxes under U.S. GAAP with the presentation under comparable IFRS. 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 permitted. The guidance may be applied prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company has elected to apply the provisions of this guidance effective December 31, 2015 retrospectively. Accordingly, deferred tax liabilities and assets of $9,090 and $151,784, respectively, were reclassified from current to noncurrent in the December 31, 2014 consolidated balance sheet.

(2) Acquisitions

IVC Group

On January 13, 2015, the Company entered into a share purchase agreement (the “Share Purchase Agreement”) with Enterhold S.A., a Luxembourg *societe anonyme* (the “Seller”), to acquire all of the outstanding shares of International Flooring Systems S.A., a Luxembourg *societe anonyme*, and its subsidiaries (collectively, the “IVC Group”). The IVC Group is a global manufacturer, distributor and marketer of luxury vinyl tile ("LVT") and sheet vinyl. On June 12, 2015, pursuant to the terms of the Share Purchase Agreement, the Company completed the acquisition of IVC Group for $1,146,437. The results of the IVC Group's operations have been included in the consolidated financial statements since that date in the Flooring NA and the Flooring ROW segments. The IVC Group acquisition will position the Company as a major participant in both the fast growing LVT category and the expanding fiberglass sheet vinyl business.

Pursuant to the terms of the Share Purchase Agreement, the Seller will indemnify the Company for uncertain tax positions and tax liabilities that were incurred by the Seller. The Company has recorded these tax liabilities and related indemnification asset in the amount of $34,781 as of the acquisition date in other long-term liabilities and other long-term assets, respectively. During the fourth quarter of 2015, the Company reversed $11,180 of these tax liabilities due to the expiration of the statute of limitations on certain tax exposures, and released the related indemnification asset.

The equity value of IVC Group was paid to the Seller in cash and in shares of the Company's common stock (the “Shares”). Pursuant to the Share Purchase Agreement, the Company (i) acquired the entire issued share capital of IVC Group and (ii) acquired $17,122 of indebtedness of the IVC Group, in exchange for a net cash payment of $732,189, debt paid of $261,152, and 806 issued treasury shares for a value of $153,096.

The Company funded the cash portion of the IVC Group acquisition through a combination of proceeds from the 2.00% Senior Notes (as discussed in Note 9 - Long-Term Debt), cash on hand and borrowings under the 2015 Senior Credit Facility (as discussed in Note 9 - Long-Term Debt).

KAI Group

On May 12, 2015, the Company purchased approximately 90% of all outstanding shares of Advent KAI Luxembourg Holdings S.a r.l., a Luxembourg *societe a respsonsabilite limitee*, and its subsidiaries (collectively, the "KAI Group"), an eastern European ceramic tile floor manufacturer. The Company completed the acquisition of the KAI Group for $194,613. The results of the KAI Group's operations have been included in the consolidated financial statements since the date of acquisition in the Global Ceramic segment. The KAI Group has a low cost position in the Bulgarian and Romanian markets. The combination with the Company will present opportunities to enhance the group's product offering, upgrade its technology and expand its exports to other countries. The remaining 10% ownership interest in the KAI Group is controlled by a third party. The 10% interest is subject to redemption provisions that are not solely within the Company’s control and therefore is recorded as a redeemable noncontrolling interest in the mezzanine section of the balance sheet for $21,952 as of December 31, 2015. Pursuant to the share purchase agreement, the Company (i) acquired approximately 90% of the issued share capital of the KAI Group and (ii) acquired $24 of indebtedness of the KAI Group, in exchange for a net cash payment of $169,540 and debt paid of $25,073.

The Company accounted for the acquisitions of the IVC Group and the KAI Group (the “Acquisitions”) using the acquisition method of accounting, with the Company as the acquirer of the IVC Group and the KAI Group. The preliminary estimated combined consideration transferred of $1,341,050, including debt paid and shares issued, was determined in accordance with the respective share purchase agreements. The preliminary consideration transferred is allocated to tangible and intangible assets and liabilities based upon their respective fair values.

During the year ended December 31, 2015, the Company incurred direct transaction costs of $9,502 for the Acquisitions which were expensed as incurred in selling, general and administrative expenses.

The following table summarizes the preliminary acquisition-date fair value of the consideration transferred for the Acquisitions and the estimated fair value of the consideration transferred to assets acquired and liabilities assumed as of the date of the Acquisitions, and the allocation of the aggregate purchase price of the IVC Group and the KAI Group acquisitions to the estimated fair values of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

Fair value of assets, net of cash acquired	$	1,382,356
Noncontrolling interests in assets acquired		(24,160)
Assumed indebtedness		(17,146)
Consideration transferred	$	1,341,050
Working capital		140,606
Property, plant and equipment		363,570
Tradenames		48,563
Customer relationships		224,326
Goodwill		740,140
Other long-term assets		50,236
Long-term debt, including current portion		(17,146)
Other long-term liabilities		(57,832)
Deferred tax liabilities		(127,253)
Noncontrolling interest		(24,160)
Consideration transferred	$	1,341,050

The Company is continuing to obtain information to complete its valuation of tax accounts, legal liabilities and other contingency attributes. The purchase price allocation is preliminary until the Company obtains final information regarding these fair values.

Intangible assets subject to amortization of $224,326 related to customer relationships have estimated lives of 12 to 14 years. In addition to the amortizable intangible assets, there is an additional $48,563 in indefinite-lived tradename intangible assets. The goodwill of $740,140 was allocated to the Company's segments as disclosed in Note 7, Goodwill and Intangible Assets. The factors contributing to the recognition of the amount of goodwill are based on strategic and synergistic benefits that are expected to be realized from the Acquisitions. These benefits include the opportunities to improve the Company's performance by leveraging best practices, operational expertise, product innovation and manufacturing assets. The recognized goodwill from the Acquisitions is not expected to be deductible for tax purposes.

The amount of net sales and earnings of the Acquisitions since the acquisition date included in the consolidated statements of operations for the year ended December 31, 2015 was approximately $396,000 for net sales and not material for earnings. The results of operations for the Acquisitions were not significant to the Company's consolidated results of operations and, accordingly, the Company has not provided pro forma information relating to the Acquisitions.

Xtratherm

On December 7, 2015, the Company completed its purchase of Xtratherm Limited, an Irish company, and certain of its affiliates (collectively, "Xtratherm"), a manufacturer of insulation boards in Ireland, the UK and Belgium. The total value of the acquisition was $158,851. The Xtratherm acquisition will expand the Company's existing insulation board footprint to include Ireland, the UK and Belgium while capitalizing on expanded product offerings in Belgium. The acquisition's results and purchase price allocation have been included in the consolidated financial statements since the date of the acquisition. The Company's acquisition of Xtratherm resulted in a preliminary goodwill allocation of $32,086, indefinite-lived trademark intangible assets of

$4,681 and intangible assets subject to amortization of $39,839. The goodwill is not expected to be deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill include the opportunity to optimize the assets of Xtratherm with the Company's existing insulation assets. The Xtratherm results are reflected in the Flooring ROW segment.

The Company is continuing to obtain information to complete its valuation of intangible assets, as well as to determine the fair value of the acquired assets and liabilities including tax accounts, legal liabilities and other attributes. The purchase price allocation is preliminary until the Company obtains final information regarding these fair values.

Other Acquisitions

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

During the third quarter of 2015, the Company acquired certain assets of a ceramic business in the Global Ceramic segment for $20,423, resulting in a preliminary goodwill allocation of $269.

(3) Restructuring, Acquisition and Integration-Related Costs

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

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

Restructuring, acquisition transaction and integration-related costs consisted of the following during the year ended December 31, 2015, 2014 and 2013, respectively (in thousands):

	2015	2014	2013
Cost of sales			
Restructuring costs[(a)]	$ 35,956	19,795	36,949
Acquisition integration-related costs	9,597	11,426	12,202
Restructuring and integration-related costs	$ 45,553	31,221	49,151
Selling, general and administrative expenses			
Restructuring costs[(a)]	$ 5,779	5,684	32,540
Acquisition transaction-related costs	9,502	—	14,199
Acquisition integration-related costs	13,770	14,697	16,049
Restructuring, acquisition and integration-related costs	$ 29,051	20,381	62,788

(a) The restructuring costs for 2015, 2014 and 2013 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 recent acquisitions. In 2015 and 2014 restructuring costs included accelerated depreciation of $8,650 and $8,982, respectively.

The restructuring activity for the twelve months ended December 31, 2015 and 2014, respectively is as follows (in thousands):

	Lease impairments	Asset write-downs	Severance	Other restructuring costs	Total
Balance as of December 31, 2013	$ 5,904	—	18,144	—	24,048
Provision - Global Ceramic segment	—	3,032	1,747	1,098	5,877
Provision - Flooring NA segment	—	—	1,192	—	1,192
Provision - Flooring ROW segment	—	8,728	2,540	7,142	18,410
Cash payments	(4,163)	—	(20,586)	(7,042)	(31,791)
Non-cash items	—	(11,760)	—	(1,098)	(12,858)
Balance as of December 31, 2014	1,741	—	3,037	100	4,878
Provision - Global Ceramic segment	1,877	4,279	4,600	8,688	19,444
Provision - Flooring NA segment	—	2,318	3,227	(1,180)	4,365
Provision - Flooring ROW segment	—	8,789	5,366	3,771	17,926
Cash payments	(3,618)	—	(7,265)	(11,494)	(22,377)
Non-cash items	—	(15,386)	—	1,180	(14,206)
Balance as of December 31, 2015	$ —	—	8,965	1,065	10,030

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

(4) Discontinued Operations

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

(5) Receivables

	December 31, 2015	December 31, 2014
Customers, trade	$ 1,243,533	1,081,493
Income tax receivable	21,835	12,301
Other	71,084	60,772
	1,336,452	1,154,566
Less allowance for discounts, returns, claims and doubtful accounts	78,947	72,603
Receivables, net	$ 1,257,505	1,081,963

The following table reflects the activity of allowances for discounts, returns, claims and doubtful accounts for the years ended December 31:

	Balance at beginning of year	Acquisitions	Additions charged to costs and expenses	Deductions(1)	Balance at end of year
2013	$ 37,873	36,992	197,973	195,801	77,037
2014	77,037	—	252,982	257,416	72,603
2015	72,603	7,750	272,329	273,735	78,947

(1) Represents charge-offs, net of recoveries.

(6) Inventories

The components of inventories are as follows:

	December 31, 2015	December 31, 2014
Finished goods	$ 1,083,012	1,021,188
Work in process	137,186	129,471
Raw materials	387,058	392,654
Total inventories	$ 1,607,256	1,543,313

(7) Goodwill and Other Intangible Assets

The Company conducted its annual impairment assessment in the fourth quarter of 2015 and determined the fair values of its reporting units and trademarks exceeded their carrying values. As a result, no impairment was indicated.

The following table summarizes the components of intangible assets:

Goodwill:

	Global Ceramic	Flooring NA	Flooring ROW	Total
Balances as of December 31, 2013				
Goodwill	$ 1,459,812	538,515	1,065,190	3,063,517
Accumulated impairments losses	(531,930)	(343,054)	(452,441)	(1,327,425)
	927,882	195,461	612,749	1,736,092
Goodwill recognized during the year	(2,497)	—	6,507	4,010
Currency translation during the year	(62,183)	—	(73,567)	(135,750)
Balances as of December 31, 2014				
Goodwill	1,395,132	538,515	998,130	2,931,777
Accumulated impairments losses	(531,930)	(343,054)	(452,441)	(1,327,425)
	863,202	195,461	545,689	1,604,352
Goodwill recognized during the year	$ 99,848	329,401	345,905	775,154
Currency translation during the year	(22,223)	—	(63,918)	(86,141)
Balances as of December 31, 2015				
Goodwill	1,472,757	867,916	1,280,117	3,620,790
Accumulated impairments losses	(531,930)	(343,054)	(452,441)	(1,327,425)
	$ 940,827	524,862	827,676	2,293,365

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements—(Continued)

Intangible assets:

	Tradenames
Indefinite life assets not subject to amortization:	
Balance as of December 31, 2013	$ 700,592
Intangible assets acquired during the year	—
Currency translation during the year	(77,901)
Balance as of December 31, 2014	622,691
Intangible assets acquired during the year	53,244
Currency translation during the year	(43,586)
Balance as of December 31, 2015	$ 632,349

	Customer relationships	Patents	Other	Total
Intangible assets subject to amortization:				
Balances as of December 31, 2013	$ 40,998	69,071	941	111,010
Intangible assets acquired during the year	—	—	—	—
Amortization during the year	(6,901)	(17,700)	(123)	(24,724)
Currency translation during the year	(180)	(6,780)	(8)	(6,968)
Balances as of December 31, 2014	33,917	44,591	810	79,318
Intangible assets acquired during the year	258,875	—	5,290	264,165
Amortization during the year	(16,567)	(13,331)	(11)	(29,909)
Currency translation during the year	(5,102)	(4,275)	(5)	(9,382)
Balances as of December 31, 2015	$ 271,123	26,985	6,084	304,192

	December 31, 2015				
	Cost	Acquisitions	Currency translation	Accumulated amortization	Net Value
Customer Relationships	$ 354,768	258,875	(24,927)	317,593	271,123
Patents	270,466	—	(27,208)	216,273	26,985
Other	1,479	5,290	21	706	6,084
Total	$ 626,713	264,165	(52,114)	534,572	304,192

	December 31, 2014				
	Cost	Acquisitions	Currency translation	Accumulated amortization	Net Value
Customer Relationships	$ 373,117	—	(180)	339,020	33,917
Patents	297,999	—	(6,780)	246,628	44,591
Other	1,833	—	(8)	1,015	810
Total	$ 672,949	—	(6,968)	586,663	79,318

	Years Ended December 31,		
	2015	2014	2013
Amortization expense	$ 29,909	24,724	26,250

Estimated amortization expense for the years ending December 31 are as follows:

2016	$	36,648
2017		35,256
2018		26,689
2019		23,643
2020		23,644

(8) Property, Plant and Equipment

Following is a summary of property, plant and equipment:

		December 31, 2015	December 31, 2014
Land	$	305,943	294,553
Buildings and improvements		1,120,193	977,411
Machinery and equipment		3,750,787	3,324,657
Furniture and fixtures		133,857	121,147
Leasehold improvements		68,977	63,985
Construction in progress		403,500	348,460
		5,783,257	5,130,213
Less accumulated depreciation and amortization		2,636,139	2,427,003
Net property, plant and equipment	$	3,147,118	2,703,210

Additions to property, plant and equipment included capitalized interest of $7,091, $9,202 and $8,167 in 2015, 2014 and 2013, respectively. Depreciation expense was $328,486, $315,840 and $276,432 for 2015, 2014 and 2013, respectively. Included in the property, plant and equipment are capital leases with a cost of $8,233 and $5,477 and accumulated depreciation of $4,431 and $5,313 as of December 31, 2015 and 2014, respectively.

(9) Long-Term 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% (1.25% as of December 31, 2015), 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% (0.25% as of December 31, 2015). 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. As of December 31, 2015, the Company is paying a commitment fee of 0.15%. 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 $2,641 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 December 31, 2015, amounts utilized under the 2015 Senior Credit Facility included $134,075 of borrowings and $1,381 of standby letters of credit related to various insurance contracts and foreign vendor commitments. The outstanding borrowings of $756,867 under the Company's U.S. and European commercial paper programs as of December 31, 2015 reduce the availability of the 2015 Senior Credit Facility. Taking the commercial paper borrowings into account, the Company has utilized $892,323 under the 2015 Senior Credit Facility resulting in a total of $907,677 available under the 2015 Senior Credit Facility.

Commercial Paper

On February 28, 2014, the Company established a U.S. 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. On May 21, 2015, following the amendment and restatement of the 2013 Credit Facility, the Company expanded the amount of borrowings permitted under its U.S. commercial paper program from $1,000,000 to $1,800,000. The U.S. commercial paper notes have maturities ranging from one day to 397 days and are not subject to voluntary prepayment by the Company or redemption prior to maturity. The U.S. commercial paper notes rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness.

On July 31, 2015, the Company established a European commercial paper program for the issuance of unsecured commercial paper in the Eurozone capital markets. Under the European commercial paper program, the Company issues commercial paper notes from time to time, subject to a cap equal to €1,000,000. The European commercial paper notes have maturities ranging from one day to 183 days and are not subject to voluntary prepayment by the Company or redemption prior to maturity. The European commercial paper notes rank pari passu with all of the Company's other unsecured and unsubordinated indebtedness. To the extent European commercial paper notes are issued by a subsidiary of the Company, payment on such notes will be fully and unconditionally guaranteed by the Company.

The Company uses its 2015 Senior Credit Facility as a liquidity backstop for its commercial paper programs. Accordingly, the total amount due and payable under all of the Company's commercial paper programs may not exceed $1,800,000 (less any amounts drawn on the 2015 Credit Facility) at any time.

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 U.S. commercial paper notes to repay borrowings under its 2013 Senior Credit Facility and certain of its industrial revenue bonds. The Company used the initial proceeds from the sale of European commercial paper notes to repay euro-denominated borrowings under its 2015 Senior Credit Facility. As of December 31, 2015, the amount utilized under the commercial paper programs was $756,867 with a weighted-average interest rate and maturity period of 0.65% and 28.35

days, respectively for the U.S. commercial paper program and 0.08% and 34.82 days, respectively for the European commercial paper program.

Senior Notes

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

On January 31, 2013, the Company issued $600,000 aggregate principal amount of 3.85% Senior Notes 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% Senior Notes due January 15, 2016. 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 as at December 31, 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 December 31, 2015.

On January 15, 2016, the Company paid the remaining approximately $645,555 outstanding principal of its 6.125% senior notes utilizing cash on hand and borrowings under its 2015 Senior Credit Facility.

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. On December 10, 2015, the Company amended the terms of the Securitization Facility, reducing the applicable margin and extending the termination date from December 19, 2015 to December 19, 2016. The Company paid financing costs of $250 in connection with this extension. These costs were deferred and are being amortized over the remaining term of the Securitization Facility.

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. The Company has determined that Factoring is a bankruptcy remote subsidiary, 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. 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 0.65% 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 December 31, 2015, the amount utilized under the Securitization Facility was $500,000.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements—(Continued)

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

	December 31, 2015		December 31, 2014	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.85% senior notes, payable February 1, 2023; interest payable semiannually	$ 584,730	600,000	603,180	600,000
6.125% notes, payable January 15, 2016; interest payable semiannually	646,130	645,555	677,833	645,555
2.00% senior notes, payable January 14, 2022; interest payable annually	554,209	546,627	—	—
Commercial paper	756,867	756,867	301,600	301,600
Five-year senior secured credit facility, due March 26, 2020	134,075	134,075	195,665	195,665
Securitization facility	500,000	500,000	500,000	500,000
Capital leases and other	16,805	16,807	10,620	10,620
Total debt	3,192,816	3,199,931	2,288,898	2,253,440
Less current portion of long term debt and commercial paper	2,003,578	2,003,003	851,305	851,305
Long-term debt, less current portion	$ 1,189,238	1,196,928	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.

The aggregate maturities of long-term debt as of December 31, 2015 are as follows:

2016	$ 1,999,161
2017	1,875
2018	1,650
2019	1,546
2020	43,161
Thereafter	1,152,538
	$ 3,199,931

(10) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are as follows:

	December 31, 2015	December 31, 2014
Outstanding checks in excess of cash	$ 14,023	16,083
Accounts payable, trade	696,974	622,360
Accrued expenses	293,867	260,578
Product warranties	35,516	29,350
Accrued interest	34,623	28,365
Accrued compensation and benefits	181,022	138,683
Total accounts payable and accrued expenses	$ 1,256,025	1,095,419

(11) Stock-Based Compensation

The Company recognizes compensation expense for all share-based payments granted for the years ended December 31, 2015, 2014 and 2013 based on the grant-date fair value estimated in accordance with the provisions of ASC 718-10. Compensation expense is recognized on a straight-line basis over the options' or other awards' estimated lives for fixed awards with ratable vesting provisions.

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 December 31, 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.

Stock Option Plans

Additional information relating to the Company's stock option plans follows:

	2015	2014	2013
Options outstanding at beginning of year	298	425	995
Options granted	—	—	—
Options exercised	(66)	(108)	(561)
Options forfeited and expired	(63)	(19)	(9)
Options outstanding at end of year	169	298	425
Options exercisable at end of year	164	257	343
Option prices per share:			
Options granted during the year	$ —	—	—
Options exercised during the year	$ 28.37-93.65	28.37-93.65	28.37-93.65
Options forfeited and expired during the year	$ 28.37-88.33	46.80-93.65	48.50-88.33
Options outstanding at end of year	$ 28.37-93.65	28.37-93.65	28.37-93.65
Options exercisable at end of year	$ 28.37-93.65	28.37-93.65	28.37-93.65

During 2015, 2014 and 2013, a total of 1, 0 and 3 shares, respectively, were awarded to the non-employee directors in lieu of cash for their annual retainers.

The Company's Board of Directors has authorized the repurchase of up to 15,000 shares of the Company's outstanding common stock. For the year ended December 31, 2015, the Company did not repurchase any shares. The Company purchased common stock for the years ended December 31, 2014 and 2013, of 2 and 1 shares, respectively. Since the inception of the program, a total of approximately 11,521 shares have been repurchased at an aggregate cost of approximately $335,455. All of these repurchases have been financed through the Company's operations and banking arrangements.

A summary of the Company's options under the 2002, 2007 and 2012 Plans as of December 31, 2015, and changes during the year then ended is presented as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Options outstanding, December 31, 2014	298	$ 68.63		
Granted	—	—		
Exercised	(66)	73.33		
Forfeited and expired	(63)	82.20		
Options outstanding, December 31, 2015	169	$ 61.73	4.7	$ 21,496
Vested and expected to vest as of December 31, 2015	168	$ 61.73	4.7	$ 21,492
Exercisable as of December 31, 2015	164	$ 61.73	4.6	$ 20,986

The Company has not granted options since the year ended December 31, 2012. The total intrinsic value of options exercised during the years ended December 31, 2015, 2014, and 2013 was $7,252, $6,613 and 20,101, respectively. Total compensation expense recognized for the years ended December 31, 2015, 2014 and 2013 was $209 ($131, net of tax), $865 ($548, net of tax) and $1,366 ($865, net of tax), respectively, which was allocated to selling, general and administrative expenses. The remaining unamortized expense for non-vested compensation expense as of December 31, 2015 was $36 with a weighted average remaining life of 0.65 years.

The following table summarizes information about the Company’s stock options outstanding as of December 31, 2015:

	Outstanding			Exercisable	
Exercise price range	Number of shares	Average life	Average price	Number of shares	Average price
$28.37-$28.37	14,725	3.1	$ 28.37	14,725	$ 28.37
$46.80-$46.80	12,317	4.1	46.80	12,317	46.80
$57.34-$57.34	45,782	5.2	57.34	43,782	57.34
$66.14-$66.14	68,913	6.1	66.14	66,913	66.14
$74.47-$74.47	7,500	2.1	74.47	7,500	74.47
$75.09-$75.09	2,250	1.0	75.09	2,250	75.09
$83.50-$83.50	9,150	0.1	83.50	9,150	83.50
$93.65-$93.65	7,750	1.1	93.65	7,750	93.65
Total	168,387	4.7	$ 61.73	164,387	$ 61.73

Restricted Stock Plans

A summary of the Company’s RSUs under the 2007 and 2012 Plans as of December 31, 2015, and changes during the year then ended is presented as follows:

	Shares	Weighted average price	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Restricted Stock Units outstanding, December 31, 2014	725	$ 77.84		
Granted	248	141.90		
Released	(212)	180.64		
Forfeited	(11)	69.96		
Restricted Stock Units outstanding, December 31, 2015	750	$ 84.67	1.8	$ 131,028
Expected to vest as of December 31, 2015	731		1.7	$ 127,444

The Company recognized stock-based compensation costs related to the issuance of RSUs of $32,343 ($20,832, net of taxes), $27,096 ($17,165, net of taxes) and $16,945 (10,735, net of taxes) for the years ended December 31, 2015, 2014 and 2013, respectively, which has been allocated to selling, general and administrative expenses. Pre-tax unrecognized compensation expense for unvested RSUs granted to employees, net of estimated forfeitures, was $31,416 as of December 31, 2015, and will be recognized as expense over a weighted-average period of approximately 1.93 years.

Additional information relating to the Company's RSUs under the 2007 and 2012 Plans is as follows:

	2015	2014	2013
Restricted Stock Units outstanding, January 1	725	733	605
Granted	248	189	301
Released	(212)	(189)	(152)
Forfeited	(11)	(8)	(21)
Restricted Stock Units outstanding, December 31	750	725	733
Expected to vest as of December 31	731	691	683

(12) Other Expense (Income)

Following is a summary of other expense (income):

	2015	2014	2013
Foreign currency losses (gains)	$ 9,295	6,869	9,531
Release of indemnification asset	11,180	—	—
All other, net	(2,856)	3,829	(417)
Total other expense	$ 17,619	10,698	9,114

(13) Income Taxes

Following is a summary of earnings from continuing operations before income taxes for United States and foreign operations:

	2015	2014	2013
United States	$ 324,210	331,553	288,627
Foreign	424,651	332,338	156,944
Earnings before income taxes	$ 748,861	663,891	445,571

Income tax expense (benefit) from continuing operations for the years ended December 31, 2015, 2014 and 2013 consists of the following:

	2015	2014	2013
Current income taxes:			
U.S. federal	$ 117,602	100,826	84,686
State and local	11,175	13,686	9,774
Foreign	31,981	41,151	46,450
Total current	160,758	155,663	140,910
Deferred income taxes:			
U.S. federal	4,165	31,052	5,280
State and local	(3,983)	(3,473)	(5,720)
Foreign	(29,065)	(51,605)	(62,085)
Total deferred	(28,883)	(24,026)	(62,525)
Total	$ 131,875	131,637	78,385

The geographic dispersion of earnings and losses contributes to the annual changes in the Company's effective tax rates. Approximately 43% of the Company's current year earnings from continuing operations before income taxes was generated in the United States at a combined federal and state effective tax rate that is higher than the Company's overall effective tax rate. The Company is also subject to taxation in other jurisdictions where it has operations, including Australia, Belgium, Ireland, Italy, Luxembourg, Malaysia, Mexico, the Netherlands, Russia and Spain. The effective tax rates that the Company pays in these jurisdictions vary widely, but they are generally lower than the Company's overall effective tax rate. The Company's domestic effective tax rates for the years ended December 31, 2015, 2014 and 2013 were 39.8%, 42.8%, and 32.6%, respectively, and its non-U.S. effective tax rates for the years ended December 31, 2015, 2014 and 2013 were 0.7%, (3.1)%, and (10.0)%, respectively. The difference in rates applicable in foreign jurisdictions results from a number of factors, including lower statutory rates, historical loss carry-forwards, financing arrangements and other factors. The Company's effective tax rate has been and will continue to be impacted by the geographical dispersion of the Company's earnings and losses. To the extent that domestic earnings increase while the foreign earnings remain flat or decrease, or increase at a lower rate, the Company's effective tax rate will increase.

Income tax expense (benefit) attributable to earnings from continuing operations before income taxes differs from the amounts computed by applying the U.S. statutory federal income tax rate to earnings from continuing operations before income taxes as follows:

	2015	2014	2013
Income taxes at statutory rate	$ 262,102	232,362	155,950
State and local income taxes, net of federal income tax benefit	4,951	9,239	9,317
Foreign income taxes[(a)]	(95,198)	(89,385)	(80,937)
Change in valuation allowance	(14,237)	(6,482)	(1,846)
Tax contingencies and audit settlements[(b)]	(23,032)	(7,882)	(4,076)
Other, net	(2,711)	(6,215)	(23)
	$ 131,875	131,637	78,385

(a) Foreign income taxes includes statutory rate differences, financing arrangements, withholding taxes, local income taxes, notional deductions, and other miscellaneous items.

(b) 2015 includes the $11,180 reversal of uncertain tax positions.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2015 and 2014 are presented below:

	2015	2014
Deferred tax assets:		
Accounts receivable	$ 11,134	12,454
Inventories	42,558	53,120
Employee benefits	70,989	58,461
Accrued expenses and other	54,652	62,287
Deductible state tax and interest benefit	491	7,067
Intangibles	34,003	62,079
Federal, foreign and state net operating losses and credits	458,743	432,906
Gross deferred tax assets	672,570	688,374
Valuation allowance	(287,580)	(300,472)
Net deferred tax assets	384,990	387,902
Deferred tax liabilities:		
Inventories	(8,663)	(4,224)
Plant and equipment	(429,258)	(422,350)
Intangibles	(267,571)	(194,717)
Other liabilities	(30,256)	(19,564)
Gross deferred tax liabilities	(735,748)	(640,855)
Net deferred tax liability	$ (350,758)	(252,953)

The Company evaluates its ability to realize the tax benefits associated with deferred tax assets by analyzing its forecasted taxable income using both historic and projected future operating results, the reversal of existing temporary differences, taxable income in prior carry-back years (if permitted) and the availability of tax planning strategies. The valuation allowance as of December 31, 2015, and 2014 is $287,580 and $300,472 , respectively. The valuation allowance as of December 31, 2015 relates to the net deferred tax assets of certain of the Company's foreign subsidiaries as well as certain state net operating losses and tax credits. The total change in the 2015 valuation allowance was a decrease of $12,892 which includes ($24,718) related to foreign currency translation. The total change in the 2014 valuation allowance was a decrease of $75,387, which includes $(39,243) related to foreign currency translation and $(61,148) related to the disposal of a subsidiary.

Management believes it is more likely than not that the Company will realize the benefits of its deferred tax assets, net of valuation allowances, based upon the expected reversal of deferred tax liabilities and the level of historic and forecasted taxable income over periods in which the deferred tax assets are deductible.

As of December 31, 2015, the Company has state net operating loss carry forwards and state tax credits with potential tax benefits of $56,745, net of federal income tax benefit; these carry forwards expire over various periods based on taxing jurisdiction. A valuation allowance totaling $35,490 has been recorded against these state deferred tax assets as of December 31, 2015. In addition, as of December 31, 2015, the Company has net operating loss carry forwards in various foreign jurisdictions with potential tax benefits of $401,999. A valuation allowance totaling $218,577 has been recorded against these deferred tax assets as of December 31, 2015.

The Company does not provide for U.S. federal and state income taxes on the cumulative undistributed earnings of its foreign subsidiaries because such earnings are deemed to be permanently reinvested. As of December 31, 2015, the Company had not provided federal income taxes on earnings of approximately $1,680,000 from its foreign subsidiaries. Should these earnings be distributed in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes and withholding taxes in various foreign jurisdictions. These taxes may be partially offset by U.S. foreign tax credits. Determination of the amount of the unrecognized deferred U.S. tax liability is not practical because of the complexities associated with this hypothetical calculation.

Tax Uncertainties

In the normal course of business, the Company's tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing jurisdictions. Accordingly, the Company accrues liabilities when it believes that it is not more likely than not that it will realize the benefits of tax positions that it has taken in its tax returns or for the amount of any tax benefit that exceeds the cumulative probability threshold in accordance with ASC 740-10. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest and penalties in income tax expense (benefit). Differences between the estimated and actual amounts determined upon ultimate resolution, individually or in the aggregate, are not expected to have a material adverse effect on the Company's consolidated financial position but could possibly be material to the Company's consolidated results of operations or cash flow in any given quarter or annual period.

As of December 31, 2015, the Company's gross amount of unrecognized tax benefits is $51,037, excluding interest and penalties. If the Company were to prevail on all uncertain tax positions, $32,662 of the unrecognized tax benefits would affect the Company's effective tax rate, exclusive of any benefits related to interest and penalties.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

		2015	2014
Balance as of January 1	$	49,599	56,545
Additions based on tax positions related to the current year		684	3,424
Additions for tax positions of acquired companies		27,455	—
Additions for tax positions of prior years		2,330	219
Reductions resulting from the lapse of the statute of limitations		(13,471)	(4,925)
Settlements with taxing authorities		(11,693)	(919)
Effects of foreign currency translation		(3,867)	(4,745)
Balance as of December 31	$	51,037	49,599

The Company will continue to recognize interest and penalties related to unrecognized tax benefits as a component of its income tax provision. As of December 31, 2015 and 2014, the Company has $5,394 and $9,409, respectively, accrued for the payment of interest and penalties, excluding the federal tax benefit of interest deductions where applicable. During the years ending December 31, 2015 , 2014 and 2013, the Company accrued interest and penalties through the consolidated statements of operations of $(5,635), $(3,579) and $74, respectively.

The Company believes that its unrecognized tax benefits could decrease by $10,273 within the next twelve months. The Company has effectively settled all Federal income tax matters related to years prior to 2010. Various other state and foreign income tax returns are open to examination for various years.

Belgian Tax Matter

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

On January 27, 2016, the Court of First Appeal in Bruges, Belgium ruled in favor of the Company with respect to the calendar years ending December 31, 2005 and December 31, 2009. The Company anticipates that the Belgian tax authority will appeal this ruling.

The Company disagrees with the views of the Belgian tax authority on this matter and will persist in its vigorous defense if there is an appeal. 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.

(14) Commitments and Contingencies

The Company is obligated under various operating leases for office and manufacturing space, machinery, and equipment. Future minimum lease payments under non-cancelable capital and operating leases (with initial or remaining lease terms in excess of one year) as of December 31:

	Capital	Operating	Total Future Payments
2016	$ 1,385	95,407	96,792
2017	1,257	76,748	78,005
2018	1,139	54,306	55,445
2019	972	34,907	35,879
2020	555	20,263	20,818
Thereafter	4,537	15,454	19,991
Total payments	9,845	297,085	306,930
Less amount representing interest	1,913		
Present value of capitalized lease payments	$ 7,932		

Rental expense under operating leases was $110,771, $114,529 and $116,541 in 2015, 2014 and 2013, respectively.

The Company had approximately $1,381 and $47,713 in standby letters of credit for various insurance contracts and commitments to foreign vendors as of December 31, 2015 and 2014, respectively that expire within two years.

The Company is involved in litigation from time to time in the regular course of its business. Except as noted below and in Note 13-Income Taxes *Belgian Tax Matter*, 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.

Polyurethane Foam Litigation

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 was named as a defendant in a number of the individual cases (the first filed on August 26, 2010), as well as in two consolidated amended class action complaints (the first filed on February 28, 2011, on behalf of a class of all direct purchasers of polyurethane foam products, and the second filed on March 21, 2011, on behalf of a class of indirect purchasers). All pending cases in which the Company was named as a defendant were 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, sought damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. Any damages actually awarded at trial would have been subject to being tripled under US antitrust laws.

On March 23, 2015, the Company entered into an agreement to settle all claims brought by the class of direct purchasers, and the trial court entered an order granting final approval of this settlement on November 19, 2015. On April 30, 2015, the Company entered into an agreement to settle all claims brought by the class of indirect purchasers, and the trial court entered an order granting final approval of this settlement on January 27, 2016. The Company has also entered into settlement agreements resolving all of the claims brought on behalf of all but one of the consolidated individual lawsuits. The Company denies all allegations of wrongdoing but settled the class actions and individual lawsuits to avoid the uncertainty, risk, expense and distraction of protracted litigation.

The Company remains a defendant in one case involving an individual purchaser of polyurethane foam products not sold by the Company. This sole remaining case is in its early stages, no trial date has been set, and the amount of the damages has not yet been specified by the plaintiff. In addition to as yet unspecified actual damages, the 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 Consommateures v. Vitafoam, Inc. et.al.*, filed in the Superior Court of Justice of Quebec, Montreal, Canada, both of which alleged similar claims against the Company as raised in the U.S. actions and sought unspecified damages and punitive damages. On June 12, 2015, the Company entered into an agreement to settle all claims brought by the class of Canadian plaintiffs, as well as a separate action pending in the Supreme Court of British Columbia. The courts in Ontario, Quebec and British Columbia have all approved the settlement although certain administrative issues remain. The Company continues to deny all allegations of wrongdoing but settled the case to avoid the uncertainty, risk, expense and distraction of protracted litigation.

During the twelve months ended December 31, 2015 the Company recorded a $122,480 charge within selling, general and administrative expenses for the settlement and defense of the antitrust cases. The Company believes that adequate provisions for resolution of all of these cases have been made. The Company does not believe that the ultimate outcome of the remaining case will have a material adverse effect on its financial condition.

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

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

(15) Consolidated Statements of Cash Flows Information

Supplemental disclosures of cash flow information are as follows:

	2015	2014	2013
Net cash paid (received) during the years for:			
Interest	$ 67,974	109,451	86,173
Income taxes	$ 133,283	148,991	137,650
Supplemental schedule of non-cash investing and financing activities:			
Fair value of net assets acquired in acquisition	1,564,970	7,267	1,714,462
Noncontrolling interest of assets acquired	(24,160)	—	(14,577)
Liabilities assumed in acquisition	(17,147)	(7,286)	(942,513)
Shares issued for acquisitions	(153,096)	—	(313,906)
	$ 1,370,567	(19)	443,466

(16) Segment Reporting

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

The accounting policies for each operating segment are consistent with the Company's policies for the consolidated financial statements. Amounts disclosed for each segment are prior to any elimination or consolidation entries. Corporate general and administrative expenses attributable to each segment are estimated and allocated accordingly. Segment performance is evaluated based on operating income. Previously reported segment results have been reclassified to conform to the current period presentation. No single customer accounted for more than 10% of net sales for the years ended December 31, 2015, 2014 or 2013.

Segment information is as follows:

		2015	2014	2013
Net sales:				
Global Ceramic	$	3,012,859	3,015,279	2,677,058
Flooring NA		3,602,112	3,441,018	3,423,093
Flooring ROW		1,456,898	1,354,018	1,249,279
Intersegment sales		(306)	(6,869)	(676)
	$	8,071,563	7,803,446	7,348,754
Operating income (loss):				
Global Ceramic	$	414,154	351,113	209,825
Flooring NA		264,271	299,992	259,753
Flooring ROW		203,370	151,528	107,850
Corporate and intersegment eliminations		(44,229)	(29,837)	(30,497)
	$	837,566	772,796	546,931
Depreciation and amortization:				
Global Ceramic	$	118,801	120,121	97,126
Flooring NA		137,064	122,677	118,721
Flooring ROW		97,239	92,090	81,500
Corporate		9,543	10,682	11,524
	$	362,647	345,570	308,871
Capital expenditures (excluding acquisitions):				
Global Ceramic	$	247,829	192,642	110,750
Flooring NA		148,598	258,987	176,808
Flooring ROW		95,447	100,899	70,175
Corporate		11,783	9,276	8,817
	$	503,657	561,804	366,550
Assets:				
Global Ceramic	$	3,846,133	3,542,594	3,787,785
Flooring NA		3,164,525	2,587,151	2,371,872
Flooring ROW		2,805,246	1,909,487	2,115,152
Corporate and intersegment eliminations		126,460	246,312	219,367
	$	9,942,364	8,285,544	8,494,176
Geographic net sales:				
United States	$	5,399,561	5,233,796	5,083,605
All other countries		2,672,002	2,569,650	2,265,149
	$	8,071,563	7,803,446	7,348,754
Long-lived assets (1):				
United States	$	2,945,783	2,381,843	2,186,946
Belgium		1,377,533	949,169	1,026,771
All other countries		1,117,167	976,550	1,224,118
	$	5,440,483	4,307,562	4,437,835
Net sales by product categories (2):				
Soft surface	$	3,056,946	2,764,370	2,756,627
Tile		3,094,389	3,087,895	2,744,289
Laminate and wood		1,920,228	1,951,181	1,847,838
	$	8,071,563	7,803,446	7,348,754

(1) Long-lived assets are composed of property, plant and equipment, net, and goodwill.

(2) The soft surface product category includes carpets, rugs, carpet pad sheet vinyl and LVT. The tile product category includes ceramic tile, porcelain tile and natural stone. The laminate and wood product category includes laminate, hardwood, roofing elements, insulation boards, MDF, chipboards, other wood-based products and licensing.

(17) Quarterly Financial Data (Unaudited)

The supplemental quarterly financial data are as follows:

	Quarters Ended			
	April 4, 2015	July 4, 2015	October 3, 2015	December 31, 2015
Net sales	$ 1,881,177	2,041,733	2,150,656	1,997,997
Gross profit	511,943	615,129	661,404	622,210
Net earnings	22,346	186,492	214,905	191,559
Basic earnings per share	0.31	2.54	2.91	2.59
Diluted earnings per share	0.30	2.53	2.89	2.57

	Quarters Ended			
	March 29, 2014	June 28, 2014	September 27, 2014	December 31, 2014
Net sales	$ 1,813,095	2,048,247	1,990,658	1,951,446
Gross profit	481,355	574,812	556,422	541,603
Net earnings	81,081	152,750	151,266	146,868
Basic earnings per share	1.11	2.10	2.08	2.01
Diluted earnings per share	1.11	2.08	2.06	2.00

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The Company maintains internal control over financial reporting designed 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, internal control over financial reporting determined to be effective provides only reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

On May 12, 2015, June 12, 2015 and December 7, 2015, the Company completed the acquisitions of the KAI Group, the IVC Group and Xtratherm, respectively. As a result, management excluded the KAI Group, the IVC Group and Xtratherm from its assessment of internal control over financial reporting. The KAI Group, the IVC Group and Xtratherm represent 12.7% of the total assets (excluding goodwill and intangible assets of 32.9%); and 4.9% of net sales of the related consolidated financial statement amounts as of and for the year ended December 31, 2015, respectively.

Under the supervision and with the participation of management, including the Company's Principal Executive Officer and Principal Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's internal control over financial reporting as of December 31, 2015. In conducting this evaluation, the Company used the framework set forth in the report titled "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

The Company's management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to information contained in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders under the following headings: "Election of Directors—Director, Director Nominee and Executive Officer Information," "—Nominees for Director," "—Continuing Directors," "—Executive Officers," "—Meetings and Committees of the Board of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," "Audit Committee" and "Corporate Governance." The Company has adopted the Mohawk Industries, Inc. Standards of Conduct and Ethics, which applies to all of its directors, officers and employees. The standards of conduct and ethics are publicly available on the Company's website at *http://www.mohawkind.com* and will be made available in print to any stockholder who requests them without charge. If the Company makes any substantive amendments to the standards of conduct and ethics, or grants any waiver, including any implicit waiver, from a provision of the standards required by regulations of the Commission to apply to the Company's chief executive officer, chief financial officer or chief accounting officer, the Company will disclose the nature of the amendment or waiver on its website. The Company may elect to also disclose the amendment or waiver in a report on Form 8-K filed with the SEC. The Company has adopted the Mohawk Industries, Inc. Board of Directors Corporate Governance Guidelines, which are publicly available on the Company's website and will be made available to any stockholder who requests it.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to information contained in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders under the following headings: "Compensation, Discussion and Analysis," "Executive Compensation and Other Information—Summary Compensation Table," "—Grants of Plan Based Awards," "—Outstanding Equity Awards at Fiscal Year End," "—Option Exercises and Stock Vested," "—Nonqualified Deferred Compensation," "—Certain Relationships and Related Transactions," "—Compensation Committee Interlocks and Insider Participation," "—Compensation Committee Report" and "Director Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to information contained in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders under the following headings: "Executive Compensation and Other Information—Equity Compensation Plan Information," and "—Principal Stockholders of the Company."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to information contained in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders under the following heading: "Election of Directors—Meetings and Committees of the Board of Directors," and "Executive Compensation and Other Information—Certain Relationships and Related Transactions."

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to information contained in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders under the following heading: "Audit Committee—Principal Accountant Fees and Services" and "Election of Directors—Meetings and Committees of the Board of Directors."

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Consolidated Financial Statements

The Consolidated Financial Statements of Mohawk Industries, Inc. and subsidiaries listed in Item 8 of Part II are incorporated by reference into this item.

2. Consolidated Financial Statement Schedules

Schedules not listed above have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits

The exhibit number for the exhibit as originally filed is included in parentheses at the end of the description.

Mohawk Exhibit Number	Description
*2.1	Agreement and Plan of Merger dated as of December 3, 1993 and amended as of January 17, 1994 among Mohawk, AMI Acquisition Corp., Aladdin and certain Shareholders of Aladdin. (Incorporated herein by reference to Exhibit 2.1(a) in the Company's Registration Statement on Form S-4, Registration No. 333-74220.)
*3.1	Restated Certificate of Incorporation of Mohawk, as amended. (Incorporated herein by reference to Exhibit 3.1 in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
*3.2	Restated Bylaws of Mohawk. (Incorporated herein by reference to Exhibit 3.1 in the Company's Report on Form 8-K dated February 19, 2016.)
*4.4	Indenture dated as of January 9, 2006, between Mohawk Industries, Inc. and SunTrust Bank, as trustee. (Incorporated herein by reference to Exhibit 4.4 in the Company's Registration Statement on Form S-3, Registration Statement No. 333-130910.)
*4.5	First Supplemental Indenture, dated as of January 17, 2006, by and between Mohawk Industries, Inc., and SunTrust Bank, as trustee. (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on form 8-K dated January 17, 2006.)
*4.6	Indenture, dated as of January 31, 2013, by and between Mohawk Industries, Inc. and U.S. Bank National Association, as Trustee (Incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated January 31, 2013.)
*4.7	First Supplemental Indenture, dated as of January 31, 2013, by and between Mohawk Industries, Inc. and U.S. Bank National Association, as Trustee (Incorporated herein by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated January 31, 2013.)
*4.8	Second Supplemental Indenture, dated as of June 9, 2015, by and among Mohawk Industries, Inc., as Issuer, U.S. Bank National Association, as Trustee, Elavon Financial Services Limited, UK Branch, as initial Paying Agent and Elavon Financial Services Limited, as initial Registrar (Incorporated herein by reference to Exhibit 4.2 of the Company’s Current Report on Form 8-K dated June 9, 2015.)
*10.3	Registration Rights Agreement by and among Mohawk and the former shareholders of Aladdin. (Incorporated herein by reference to Exhibit 10.32 of the Company's Annual Report on Form 10-K (File No. 001-13697) for the fiscal year ended December 31, 1993.)
*10.4	Waiver Agreement between Alan S. Lorberbaum and Mohawk dated as of March 23, 1994 to the Registration Rights Agreement dated as of February 25, 1994 between Mohawk and those other persons who are signatories thereto. (Incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q (File No. 001-13697) for the quarter ended July 2, 1994.)
*10.5	Credit and Security Agreement, dated as of December 19, 2012, by and 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 (Incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated December 21, 2012.)

*10.6	First Amendment to Credit and Security Agreement, dated as of January 22, 2013, by and 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. (Incorporated herein by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K (File No. 001-13697) for the fiscal year ended December 31, 2012.)
*10.7	Amendment No. 2 to Credit and Security Agreement and Waiver, dated as of April 11, 2014, by and among Mohawk Factoring, LLC, Mohawk Servicing, LLC, the lenders party hereto, the liquidity banks party hereto, the co-agents party hereto and SunTrust Bank, as administrative agent (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2014).
*10.8	Amendment No. 3 to Credit and Security Agreement and Omnibus Amendment, dated as of September 11, 2014, by and among Mohawk Factoring, LLC, Mohawk Servicing, LLC, the lenders party hereto, the liquidity banks party hereto, the co-agents party hereto and SunTrust Bank, as administrative agent (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2014).
*10.9	Amendment No. 4 to Credit and Security Agreement, dated as of January 5, 2015, by and among Mohawk Factoring, LLC, Mohawk Servicing, LLC, the lenders party hereto, the liquidity banks party hereto, the co-agents party hereto and SunTrust Bank, as administrative agent (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2015).
10.10	Amendment No. 5 to Credit and Security Agreement, dated as of December 10, 2015, by and among Mohawk Factoring, LLC, Mohawk Servicing, LLC, the lenders party hereto, the liquidity banks party hereto, the co-agents party hereto and SunTrust Bank, as administrative agent.
*10.11	Receivables Purchase and Sale Agreement, dated December 19, 2012, by and among Mohawk Carpet Distribution, Inc., and Dal-Tile Distribution, Inc., as originators, and Mohawk Factoring, LLC, as buyer (Incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K dated December 21, 2012.)
*10.12	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 26, 2015.)
*10.13	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).

Exhibits Related to Executive Compensation Plans, Contracts and other Arrangements:

*10.14	Service Agreement dated February 24, 2009, by and between Unilin Industries BVBA and BVBA "F. De Cock Management" (Incorporated by reference to the Company's Current Report on Form 8-K dated February 24, 2009.)
*10.15	Service Agreement dated February 9, 2009, by and between Unilin Industries BVBA and Comm. V. "Bernard Thiers" (Incorporated herein by reference to Exhibit 10.7 in the Company's Annual Report on Form 10-K (File No. 001-13697) for the fiscal year ended December 31, 2009.)
*10.16	Second Amended and Restated Employment Agreement, dated as of November 4, 2009, by and between the Company and W. Christopher Wellborn (Incorporated by reference to the Company's Current Report on Form 8-K dated November 4, 2009.)
*10.17	Amendment No. 1 to Second Amended and Restated Employment Agreement, dated as of December 20, 2012, by and between the Company and W. Christopher Wellborn (Incorporated herein by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K (File No. 001-13697) for the fiscal year ended December 31, 2012.).
*10.18	Mohawk Carpet Corporation Supplemental Executive Retirement Plan, as amended. (Incorporated herein by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-1, Registration No. 33-45418.)
10.19	The Mohawk Industries, Inc. Senior Management Deferred Compensation Plan, as amended and restated as of January 1, 2015.

*10.20	Mohawk Industries, Inc. 1997 Non-Employee Director Stock Compensation Plan (Amended and Restated as of January 1, 2009) (Incorporated herein by reference to Exhibit 10.32 in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2008.)
*10.21	Mohawk Industries, Inc. 2012 Non-Employee Director Stock Compensation Plan (Incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q dated August 3, 2012.)
*10.22	Mohawk Industries, Inc. 2012 Non-Employee Director Stock Compensation Plan Amendment, approved October 23, 2013 (Incorporated herein by reference to Exhibit 10.18 in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2013.)
*10.23	2002 Long-Term Incentive Plan. (Incorporated herein by reference to Appendix A in the 2002 Mohawk Industries, Inc. Proxy Statement dated March 29, 2002.)
*10.24	Mohawk Industries, Inc. 2007 Incentive Plan (Incorporated herein by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A (File No. 001-13697) filed with the Securities and Exchange Commission on April 9, 2007.)
*10.25	Mohawk Industries, Inc. 2012 Incentive Plan (incorporated herein by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A (File No. 001-13697) filed with the Securities and Exchange Commission on April 3, 2012.)
12.1	Ratio of Earnings to Fixed Charges
21	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm (KPMG LLP).
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 Section 13 or 15(d) 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.

	By:	/s/ JEFFREY S. LORBERBAUM
February 29, 2016		**Jeffrey S. Lorberbaum,** ***Chairman and Chief Executive Officer***

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

February 29, 2016	/s/ JEFFREY S. LORBERBAUM **Jeffrey S. Lorberbaum,** ***Chairman and Chief Executive Officer*** ***(principal executive officer)***
February 29, 2016	/s/ FRANK H. BOYKIN **Frank H. Boykin,** ***Chief Financial Officer and Vice President-Finance*** ***(principal financial officer)***
February 29, 2016	/s/ JAMES F. BRUNK **James F. Brunk,** ***Vice President and Corporate Controller*** ***(principal accounting officer)***
February 29, 2016	**Filip Balcaen,** ***Director***
February 29, 2016	/s/ BRUCE C. BRUCKMANN **Bruce C. Bruckmann,** ***Director***
February 29, 2016	/s/ FRANS DE COCK **Frans De Cock,** ***Director***
February 29, 2016	/s/ JOHN F. FIEDLER **John F. Fiedler,** ***Director***
February 29, 2016	/s/ RICHARD C. ILL **Richard C. Ill,** ***Director***
February 29, 2016	/s/ JOSEPH A. ONORATO **Joseph A. Onorato,** ***Director***
February 29, 2016	/s/ WILLIAM H. RUNGE III **William Henry Runge III** ***Director***
February 29, 2016	/s/ KAREN A. SMITH BOGART **Karen A. Smith Bogart,** ***Director***
February 29, 2016	/s/ W. CHRISTOPHER WELLBORN **W. Christopher Wellborn,** ***Director***

Amendment No. 5 to
Credit and Security Agreement

This Amendment No. 5 to Credit and Security Agreement (this *"Amendment"*), dated as of December 10, 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 extend the Facility Termination Date and make certain other amendments to the Credit and Security Agreement, and the Administrative Agent, the Lenders, the Liquidity Banks and the Co-Agents are willing to do so under the terms 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.*

2.1. The last sentence appearing in Section 5.1(k) of the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

> Such Loan Party is not registered or required to be registered as an "investment company" under the Investment Company Act of 1940, as amended. In determining that the Borrower is not required to be registered as an investment company, the Borrower is relying on the exemption or exclusion from the definition of "investment company" set forth in Section 3(c)(5) of the Investment Company Act of 1940, as amended, or Rule 3a-7 under the Investment Company Act of 1940, as amended, although other exceptions or exclusions may be available to such Loan Party. The Borrower is not a "covered fund" as defined in the final regulations issued December 10, 2013 implementing the "Volcker Rule" (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

2.2. Section 5.1 of the Credit and Security Agreement is hereby amended by adding new subsections (x) and (y) to read as follows:

(x) *Anti-Money Corruption*. Neither Loan Party, nor to the knowledge of such Loan Party, any director, officer, agent, employee, or other Person, in each case, acting in such capacity on behalf of such Loan Party, has taken any action, directly or to the knowledge of the such Loan Party, indirectly, that would result in a violation in any material respect by such Person of any applicable anti-bribery law, including but not limited to, the UK Bribery Act and the FCPA. Each Loan Party has instituted and maintains policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with applicable anti-bribery laws.

(y) *Sanctions*. Neither Loan Party, any of its subsidiaries or, to the knowledge of such Loan Party, any director or officer of such Loan Party or any of its subsidiaries is, or is owned or controlled by Persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

2.3. Section 7.2 of the Credit and Security Agreement is hereby amended by adding new subsections (i) and (j) to read as follows:

(i) *Anti-Corruption*. Neither Loan Party will use the proceeds of any Advance in violation in any material respect of any applicable anti-bribery law.

(j) *Sanctions*. Neither Loan Party will use the proceeds of any Advance, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that would result in a violation in any material respect of Sanctions by any Person.

2.4. The defined terms *"Applicable Margin"* and *"Facility Termination Date"*, appearing in Exhibit I to the Credit and Security Agreement are hereby amended and restated in their entirety and as so amended shall read as follows:

"Applicable Margin" shall mean either (i) 0.65% per annum, or (ii) with respect to any Liquidity Funding made by any Liquidity Bank solely during the occurrence of a CP Market Disruption Event, a per annum rate equal to the "Applicable Rate" for "Eurocurrency Rate Loans" as such terms are defined in the Parent Credit Agreement in effect at such time.

"Facility Termination Date" means the earlier of (i) December 19, 2016 (or such later date as the parties hereto may agree to from time to time) and (ii) the Amortization Date.

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

"*FCPA*" means the U.S. Foreign Corrupt Practices Act of 1977.

"*Sanctions*" means the sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury or the Hong Kong Monetary Authority.

"*UK Bribery Act*" means the United Kingdom Bribery Act 2010.

2.6. The reference to *"17.0%"* appearing in the defined term *"Obligor Concentration Limit"* appearing in Exhibit I to the Credit and Security Agreement is hereby deleted and replaced with *"19.0%"*.

2.7. Schedule D to the Credit and Security Agreement is hereby amended and restated in its entirety and as so amended and restated 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) Each Lender shall have received, on the date hereof, a fully-earned and non-refundable fee equal to (a) 0.05% *times* (b) the amount of such Lender's Commitment;

(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/ Richard Gregory Hurst
Name: Richard Gregory Hurst
Title: Managing Director

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

By: /s/ R. Mumick
Name: R. Mumick
Title: Director

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

By: /s/ Kazuhiro Yasuda
Name: Kazuhiro Yasuda
Title: Attorney-in-Fact

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

By: /s/ Takayuki Tomii
Name: Takayuki Tomii
Title: Deputy General Manager

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

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

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

By: /s/ Eero Maki
Name: Eero Maki
Title: SVP

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. 5 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 2015	January 19, 2016
January 2016	February 23, 2016
February 2016	March 22, 2016
March 2016	April 19, 2016
April 2016	May 24, 2016
May 2016	June 21, 2016
June 2016	July 20, 2016
July 2016	August 23, 2016
August 2016	September 21, 2016
September 2016	October 18, 2016
October 2016	November 22, 2016
November 2016	December 20, 2016

THE MOHAWK INDUSTRIES, INC. SENIOR MANAGEMENT DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2015

THE MOHAWK INDUSTRIES, INC. SENIOR MANAGEMENT
DEFERRED COMPENSATION PLAN

Effective as of the 1st day of January, 2015, Mohawk Industries, Inc. (the "Controlling Company") hereby amends and restates the Mohawk Industries, Inc. Senior Management Deferred Compensation Plan (the "Plan").

BACKGROUND AND PURPOSE

A. **History**.

Effective as of June 1, 1994, the Controlling Company established two deferred compensation plans with substantially similar terms that were known as the Mohawk Industries, Inc. Executive Deferred Compensation Plan (the "Prior Executive Plan") and the Mohawk Industries, Inc. Management Deferred Compensation Plan (the "Prior Management Plan"). Amounts deferred under the Prior Executive Plan and the Prior Management Plan before January 1, 2005, plus any earnings or losses thereon, are governed by the terms of the Prior Executive Plan and the Prior Management Plan.

Effective as of January 1, 2008, the Prior Executive Plan and the Prior Management Plan were amended and restated to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and for certain other purposes for post-2004 deferrals and earnings or losses thereon (the "Executive Plan" and the "Management Plan" respectively). Amounts deferred under the Prior Executive Plan and the Prior Management Plan on or after January 1, 2005, plus any earnings or losses thereon, are governed by the terms of the Executive Plan and the Management Plan.

Effective December 1, 2010, the Management Plan was merged with and into the Executive Plan, and the resulting merged plan was amended and restated in its entirety and renamed the Mohawk Industries, Inc. Senior Management Deferred Compensation Plan. Amounts deferred under the Plan on and after December 1, 2010, plus any earnings or losses thereon, are governed by the terms of the Plan. The Controlling Company last amended and restated the Plan effective May 1, 2013.

B. **Goal**. The Controlling Company desires to continue to provide its eligible employees (and those of its affiliated companies that participate in the Plan) with an opportunity to defer the receipt and income taxation of a portion of such employees' eligible annual compensation.

C. **Coordination with 401(k) Plan**. The Plan is generally intended to allow eligible employees to participate in the type of retirement benefits they otherwise would be able to attain under a 401(k) plan, but for the limits on contributions and benefits applicable to such plan under the Code; including, without limitation, the maximum limits on compensation, employee deferrals and allocations (under Code Sections 401(a)(17), 402(g) and 415, respectively) and the discrimination testing limits (under Code Sections 401(k)).

D. **Purpose**. The purpose of the Plan document is to set forth the terms and conditions pursuant to which these deferrals may be made and to describe the nature and extent of the employees' rights to their deferred amounts and employer contributions.

E. **Type of Plan**. The Plan constitutes an unfunded, nonqualified deferred compensation plan that benefits certain designated employees who are within a select group of key management or highly compensated employees.

STATEMENT OF AGREEMENT

To amend and restate the Plan with the purposes and goals as hereinabove described, the Controlling Company hereby sets forth the terms and provisions as follows:

THE MOHAWK INDUSTRIES, INC. SENIOR MANAGEMENT DEFERRED COMPENSATION PLAN

Table of Contents

ARTICLE I

DEFINITIONS

For purposes of the Plan, the following terms, when used with an initial capital letter, have the meaning set forth below unless a different meaning plainly is required by the context.

1.1 **Account** means, with respect to a Participant, the total dollar amount or value evidenced by the last balance posted in accordance with the terms of the Plan to the account established for such Participant pursuant to Section 3.1.

1.2 **Administrative Committee** means the Mohawk Industries Retirement Plan Committee, or other committee appointed by the Board, to act on behalf of the Controlling Company to administer the Plan, all as provided in Article IX.

1.3 **Beneficiary** means, with respect to a Participant, the person(s) designated in accordance with Section 6.2 to receive any death benefits that may be payable under the Plan upon the death of the Participant.

1.4 **Board** means the Board of Directors of the Controlling Company.

1.5 **Bonus** means, for a Participant for any Plan Year, that portion of an Eligible Employee's compensation for that Plan Year payable as an annual bonus. Bonuses include payments under the Manager Incentive Plan (MIP), the Executive Incentive Plan (EIP), the Sales Incentive Plan (SIP), and the RVP Bonus. The Administrative Committee may, in its discretion, limit the types of short-term incentive compensation that will qualify as a Bonus under the Plan for any given Plan Year on or before the date that a Participant's Bonus Election becomes irrevocable for such Plan Year.

1.6 **Bonus Contributions** mean, for a Participant for any Plan Year, that portion of such Participant's Bonus deferred under the Plan pursuant to Section 3.2.

1.7 **Bonus Election** means a written, electronic or other form of election permitted by the Administrative Committee, pursuant to which a Participant may elect to defer under the Plan all or a portion of his or her Bonus.

1.8 **Code** means the Internal Revenue Code of 1986, as amended.

1.9 **Controlled Group** means the Controlling Company and all of the companies that are either (i) members of the same controlled group of corporations (within the meaning of Code Section 414(b)) or (ii) under common control (within the meaning of Code Section 414(c)), with the Controlling Company.

1.10 **Controlling Company** means Mohawk Industries, Inc., a Delaware corporation with its principal place of business in Calhoun, Georgia.

1.11 **Effective Date** means January 1, 2015, the date as of which this restatement and amendment of the Plan is effective.

1.12 **Eligible Employee** means, for a Plan Year or portion of a Plan Year, an individual who is a highly compensated employee as defined in Code Section 414(q), provided that the Administrative Committee or its designee, from time to time and in its sole discretion, may designate employees of Participating Companies, on an individual basis or as part of a specified group, as eligible or not eligible to participate in the Plan, regardless of whether such individuals are highly compensated employees under Code Section 414(q).

1.13 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended.

1.14 **FICA Tax** means the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2).

1.15 **Financial Hardship** means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, Participant's spouse, Participant's Beneficiary or Participant's dependent (as defined in Code Section 152(a), without regard to subsections (b)(1), (b)(2) and (d)(1)(B) thereof), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Financial Hardship will be determined by the Administrative Committee on the basis of the facts of each case, including information supplied by the Participant in accordance with uniform guidelines prescribed from time to time by the Administrative Committee; provided, the Participant will be deemed not to have a Financial Hardship to the extent that such hardship is or may be relieved:

(a) Through reimbursement or compensation by insurance or otherwise;

(b) By liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe Financial Hardship; or

(c) By cessation of deferrals under the Plan.

Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

1.16 **Investment Election** means an election, made in such form as the Administrative Committee may direct or permit, pursuant to which a Participant may elect the Investment Funds in which the amounts credited to his or her Account will be deemed to be invested.

1.17 **Investment Funds** mean the investment funds selected from time to time by the Administrative Committee for purposes of determining the rate of return on amounts deemed invested pursuant to Participants' elections.

1.18 **Participant** means any person who has been admitted to, and has not been removed from, participation in the Plan pursuant to the provisions of Article II.

1.19 **Participating Company** means any members of the Controlled Group that are designated as Participating Companies by the Administrative Committee. A list of such members that are participating in the Plan may be set forth on Exhibit A hereto, or in other Plan records.

1.20 **Plan** means the Mohawk Industries, Inc. Senior Management Deferred Compensation Plan, as amended and restated herein, and all amendments hereto. For tax purposes and purposes of Title I of ERISA, the Plan is intended to be an unfunded, nonqualified deferred compensation plan covering certain designated employees who are within a select group of key management or highly compensated employees (*i.e.*, a "top hat" plan).

1.21 **Plan Year** means the calendar year.

1.22 **Pre-Section 409A Account** means the portion of a Participant's Account that was earned and vested, within the meaning of Code Section 409A, as of December 31, 2004, and subsequent earnings on such amounts. A Participant's Pre-Section 409A Account generally will include amounts attributable to Salary and Bonus Contributions with respect to Salary and Bonus earned before January 1, 2005, and which are governed by the terms of the Mohawk Industries, Inc. Executive Deferred Compensation Plan and the Mohawk Industries, Inc. Management Deferred Compensation Plan as then in effect.

1.23 **Salary** means, for a Participant for any Plan Year, the total of such Participant's base compensation, bonus compensation paid on a more frequent basis than annually, and commissions processed in a regular monthly payroll or in an off-cycle payroll, prior to any deductions, for such Plan Year. Such bonus compensation may include a Sales Bonus, Quarterly Sales Bonus, Spot Bonus, Special Bonus, Retention Bonus or Safety Bonus. The Administrative Committee may, in its discretion, limit the types of compensation that will qualify as Salary under the Plan for any given Plan Year on or before the date that a Participant's Salary Election becomes irrevocable for such Plan Year.

1.24 **Salary Contributions** mean, for a Participant for each Plan Year, the portion of such Participant's Salary deferred under the Plan pursuant to Section 3.2.

1.25 **Salary Election** means a written, electronic or other form of election permitted by the Administrative Committee, pursuant to which a Participant may elect to defer under the Plan all or a portion of his or her Salary.

1.26 **Section 409A Account** means the portion of a Participant's Account that was not earned or vested, within the meaning of Code Section 409A, as of December 31, 2004, and earnings on such amounts. A Participant's Section 409A Account generally will include amounts attributable to Salary and Bonus Contributions with respect to Salary and Bonus earned on or after January 1, 2005.

1.27 **Separate from Service and Separation from Service** have the meaning given such terms under Code Section 409A. Generally, a Participant Separates from Service if the Participant dies, retires, or otherwise has a termination of employment with the Employer (see subsection (d) below). Whether a Participant has a Separation from Service with the Employer is determined in accordance with the following:

(a) **Leaves of Absence**. The employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence, as approved in accordance with the Employer's policy, if the period of such leave does not exceed 6 months, or, if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer. If the period of leave exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such 6-month period.

(b) **Status Change**. Generally, if a Participant performs services both as an employee and an independent contractor, such Participant must Separate from Service both as an employee, and as an independent contractor pursuant to standards set forth in Treasury Regulations, to be treated as having a Separation from Service. However, if a Participant provides services to the Employer as an employee and as a member of the Board, the services provided as a member of the Board are not taken into account in determining whether the Participant has a Separation from Service as an employee for purposes of this Plan.

(c) **Termination of Employment**. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Participant continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly situated individuals providing service to the Employer have been treated consistently, and whether the Participant is permitted, and realistically available, to perform services for other service recipients in the same line of business. For periods during which a Participant is on a paid bona fide leave of absence and has not otherwise terminated employment as described above, for purposes of this subsection (c) the Participant is treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which a Participant is on an unpaid bona fide leave of absence and has not otherwise terminated employment are disregarded for purposes of this subsection (c) (including for purposes of determining the applicable 36-month (or shorter) period).

(d) **Service with Affiliates**. For purposes of determining whether a Separation from Service has occurred under the above provisions, the "Employer" includes the Controlling

Company and all entities that would be treated as a single employer with the Controlling Company under Code Section 414(b) or (c), but substituting “at least 50%” instead of “at least 80%” each place it appears in applying such rules.

1.28 **Specified Employee** has the meaning given such term under Code Section 409A (which incorporates Code Section 416(i)).

1.29 **Trust Agreement** means the separate agreement or agreements between the Controlling Company and the Trustee governing the creation of the Trust Fund, and all amendments thereto.

1.30 **Trustee** means the party or parties so designated from time to time pursuant to the terms of the Trust Agreement.

1.31 **Trust** means the total amount of cash and other property held by the Trustee (or any nominee thereof) at any time under the Trust Agreement.

1.32 **Valuation Date** means each day on which the New York Stock Exchange is open for business; provided, the value of an Account on a day other than a Valuation Date is the value determined for the immediately preceding Valuation Date.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1 **Eligibility**.

(a) **General Rule**. An Eligible Employee may become a Participant immediately upon becoming an Eligible Employee, or at such other time as may be designated by the Administrative Committee, assuming he or she satisfies the procedures for admission described below.

(b) **Participation Upon Effective Date**. Each Eligible Employee who is an active Participant in the Plan on the day immediately preceding the Effective Date will continue as an active Participant in accordance with the terms of the Plan.

2.2 **Procedure for Admission**.

Each Eligible Employee will become an active Participant by electing to participate in a timely manner by a method determined by the Administrative Committee as a precondition of participation in the Plan. Such election may include, without limitation, a Salary or Bonus Election, a distribution election with respect to Section 409A Accounts, the Eligible Employee's acceptance of the terms and conditions of the Plan, and the designation of a Beneficiary to receive any death benefits payable hereunder.

2.3 **Cessation of Eligibility**.

(a) **Cessation of Eligible Status**. An individual's active participation in the Plan will cease as of the date of his or her Separation from Service or the date his or her Salary and Bonus Elections then in effect (if any) expire or are revoked or cancelled under the terms of Article III. If a participant's active participation in the Plan terminates, he or she will no longer be eligible to make future Salary and Bonus Elections, but any Salary and Bonus Elections then in effect will continue in effect until such time as the Salary and Bonus Election expires or are revoked or cancelled under the terms of Article III.

(b) **Inactive Participant Status**. Even if his or her active participation in the Plan ends, an employee will remain an inactive Participant in the Plan until the earlier of (i) the date the full amount of his or her vested Account is distributed from the Plan, or (ii) the date he or she again becomes an Eligible Employee and recommences active participation in the Plan. During the period of time that an employee is an inactive Participant in the Plan, his or her Account will continue to be credited with earnings pursuant to the terms of Section 3.5.

ARTICLE III

PARTICIPANTS' ACCOUNTS; DEFERRALS AND CREDITING

3.1 **Participants' Accounts**.

(a) **Establishment of Accounts**. The Administrative Committee will establish and maintain an Account on behalf of each Participant. Each Account will be credited with (i) Salary Contributions, (ii) Bonus Contributions, and (iii) earnings attributable to such Account, and will be debited by distributions. Each Account of a Participant will be maintained until the value thereof has been distributed to or on behalf of such Participant or his or her Beneficiary.

(b) **Nature of Contributions and Accounts**. The amounts credited to a Participant's Account will be represented solely by bookkeeping entries. Except as provided in Article VIII, no monies or other assets will be actually set aside for such Participant, and all payments to a Participant under the Plan will be made from the general assets of the Participating Companies.

(c) **Several Liabilities**. Each Participating Company will be severally (and not jointly) liable for the payment of benefits under the Plan in an amount equal to the total of (i) all undistributed Salary and Bonus Contributions withheld from Participants' Salary and (ii) Bonus paid or payable by each such Participating Company and all investment earnings or losses attributable to such Salary and Bonus Contributions. The Administrative Committee will allocate the total liability to pay benefits under the Plan among the Participating Companies pursuant to this formula, and the Administrative Committee's determination will be final and binding.

(d) **General Creditors**. Any assets which may be acquired by a Participating Company in anticipation of its obligations under the Plan will be part of the general assets of such Participating Company. A Participating Company's obligation to pay benefits under the Plan constitutes a mere promise of such Participating Company to pay such benefits, and a Participant or Beneficiary will be no more than an unsecured, general creditor of such Participating Company.

3.2 **Salary and Bonus Contributions**.

(a) **General Rule**. Except as provided in subsection (b) hereof, each Eligible Employee who is or becomes eligible to participate in the Plan may elect to have Salary and Bonus Contributions made on his or her behalf by completing and delivering to the Administrative Committee (or its designee) a Salary Election and a Bonus Election setting forth the terms of his or her election.

(b) **Other Deferrals or Deductions**. Notwithstanding the foregoing subsection (a), if the total of (i) any deferrals under any Controlled Group member's Code Section 401(k), 125 and 132(f)(4) plans applicable to a Participant's Salary and Bonus, (ii) the Participant's Salary and Bonus Contributions, and (iii) any FICA Tax or state or local tax applicable to such Participant's Salary and Bonus exceed 100% of his or her Salary and Bonus, the Code Section 401(k), 125 and 132(f)(4) plan contributions will be made first, followed by any FICA Tax and/or state and local tax withholding, and then the remaining Salary and Bonus will be deferred under the Plan subject to Section 3.3.

3.3 **Procedure for Elections**.

Subject to the suspension period provided in Section 5.4, each Eligible Employee who is eligible to participate in the Plan for all or any portion of a Plan Year may elect to have Salary and Bonus Contributions made on his or her behalf for such Plan Year by completing and delivering to the Administrative Committee (or its designee) a Salary Election and/or a Bonus Election, setting forth the terms of his or her election(s). Subject to the terms and conditions set forth below, a Salary Election will provide for the reduction of an Eligible Employee's Salary earned during the Plan Year for which the Salary Election is in effect, and a Bonus Election will provide for the reduction of an Eligible Employee's Bonus earned during the Plan Year for which the Bonus Election is in effect. Subject to any modifications, additions or exceptions that the Administrative Committee, in its sole discretion, deems necessary, appropriate or helpful and which are in compliance with the deferral election timing rules of Code Section 409A, the following terms will apply to Salary and Bonus Elections:

(a) **Effective Date**.

(i) **General Deadline**. A Participant's Salary Election and Bonus Election for the Salary and Bonus earned during a Plan Year must be made before the first day of such Plan Year, except as provided in subsection (ii) below.

(ii) **Special Rule for New Participants**.

(A) If a Participant initially becomes an Eligible Employee (determined in accordance with subsection (a)(ii)(B) below), the Administrative Committee may permit such Participant to make a prospective Salary Election and/or Bonus Election within 30 days after the date on which he or she becomes eligible. Any such Salary Election will apply to the Participant's Salary for services performed after the Salary Election is made. Any such Bonus Election will apply only to the portion of the Bonus equal to the ratio of the number of days remaining in the period to which the Bonus relates when the Bonus Election is made, divided by the total number of days in the period to which the Bonus relates.

(B) For the purposes of this subsection (a)(ii), an Eligible Employee will be treated as newly eligible under the Plan upon first becoming an Eligible Employee or upon return to eligible status for purposes of this subsection (a)(ii) only if either: (x) he or she has not been eligible to make deferral elections (without regard to whether such an election was made), under the Plan or another plan that is aggregated with the Plan under Code Section 409A during the 24-month period ending on the date he or she becomes eligible to make a Salary and/or Bonus Election; or (y) he or she received a distribution of his or her entire Section 409A Account and all other amounts deferred at the election of the Eligible Employee under other plans that are aggregated with the Plan under Code Section 409A, and, for a period of time beginning on or before the payment of such distribution and extending thereafter, he or she was not eligible to make deferral elections under the Plan or another plan that is aggregated with the Plan under Code Section 409A plan.

(b) **Term and Irrevocability of Election**.

(i) An Eligible Employee may change his or her Salary Election and/or Bonus Election for the applicable Plan Year any time prior to the deadlines specified in subsections (a)(i) or (a)(ii) above (as applicable to the Participant), only to the extent (if any) permitted by, and subject to any restrictions or procedures determined by, the Administrative Committee in accordance with the requirements of Code Section 409A. Upon the latest of the deadlines specified in subsections (a)(i) or (a)(ii) above that applies to an Eligible Employee, such Eligible Employee's Salary Election and/or Bonus Election, or failure to elect, will become irrevocable for the Plan Year except as provided under this subsection (b).

(ii) Except as provided in this subsection (b), each Participant's Salary Election and Bonus Election may remain in effect from Plan Year to Plan Year unless and until it is changed, cancelled or revoked by the Participant or the Administrative Committee; provided, if a Participant receives a distribution under Section 5.4 due to a Financial Hardship, the Participant's Salary Election and Bonus Election will be cancelled for the remainder of the Plan Year, and the Participant must make new elections prior to the beginning of a subsequent Plan Year in order to resume deferrals under the Plan.

(iii) A Participant's Salary Election and Bonus Election will be cancelled on the date the Participant receives a hardship distribution under a tax-qualified retirement plan of a Controlled Group member, but only to the extent that plan provides that a hardship distribution will be deemed necessary to satisfy an immediate and heavy financial need if the employee is prohibited from making elective contributions and employee contributions to all plans maintained by his or her employer for a period following the hardship distribution.

(iv) A Participant's Salary Election and Bonus Election may be cancelled in the discretion of the Administrative Committee as permitted under Code Section 409A.

(v) If a Participant is transferred from the employment of one Participating Company to the employment of another Participating Company, his or her Salary Election and Bonus Election with the first Participating Company will remain in effect and will apply to his or her Salary and Bonus from the second Participating Company until cancelled in accordance with this subsection (b).

(c) **Amount**.

(i) **Salary Deferrals**. A Participant may elect to defer his or her Salary in 1% increments, up to a maximum of 25% (or such other maximum percentage and/or amount established by the Administrative Committee from Plan Year to Plan Year). If a Participant's base salary is increased or decreased during the Plan Year, any Salary Election that is specified as a percentage of Salary will be automatically adjusted accordingly.

(ii) **Bonus Deferrals**. The Participant may elect to defer his or her Bonus up to 100% (or such other maximum percentage and/or amount, if any, established by the Administrative Committee from Plan Year to Plan Year).

(d) **Commission Deferrals**. For purposes of determining the amount of a Participant's Salary Contributions to be withheld from commissions, the following rules apply to the extent consistent with Treasury Regulations under Code Section 409A: (i) commissions that are paid only upon a Participating Company's receipt of payment from a client will be deemed to be earned on the date of such receipt of payment, and (ii) other commissions will be deemed to be earned on the date of the sale with respect to which such commissions are paid.

(e) **Withholding from Final Annual Payroll Period**. Salary payable after the last day of the calendar year solely for services performed during a final payroll period that includes December 31 of such year will be deemed to have been earned in the subsequent calendar year in which payment is made and will be subject to the Participant's Salary Election in effect for such subsequent calendar year.

(f) **Crediting of Deferred Compensation**. The Administrative Committee will credit the amount of each Participant's Salary and Bonus Contributions to his or her Account on, or as soon as practicable after, the Valuation Date on which such amount would have been paid to him or her but for his or her election hereunder.

3.4 **Debiting of Distributions**.

As of each Valuation Date, the Administrative Committee will debit each Participant's Account for any amount distributed from such Account since the immediately preceding Valuation Date.

3.5 **Crediting of Earnings**.

As of each Valuation Date, the Administrative Committee will credit to each Participant's Account the amount of earnings and/or losses applicable thereto for the period since the immediately preceding Valuation Date, based on the amount of the Participant's Account that was deemed invested in each Investment Fund. Notwithstanding anything herein to the contrary, while Salary and Bonus Contributions may be allocated to a Participant's Account as of a particular date (as provided by the Plan), such Salary and Bonus Contributions will be credited with earnings only from the date such amounts are actually credited to such Participant's Account by the Administrative Committee or its delegatee.

3.6 **Vesting**.

A Participant will be at all times fully vested in his or her Salary and Bonus Contributions and the earnings credited to his or her Account with respect to such Salary and Bonus Contributions.

3.7 **Notice to Participants of Account Balances**.

At least once for each Plan Year, the Administrative Committee will cause a written statement of a Participant's Account balance to be delivered to the Participant.

3.8 **<u>Good Faith Valuation Binding</u>**.

In determining the value of the Accounts, the Administrative Committee will exercise its best judgment, and all such determinations of value (in the absence of bad faith) will be binding upon all Participants and their Beneficiaries.

3.9 **<u>Errors and Omissions in Accounts</u>**.

If an error or omission is discovered in the Account of a Participant or in the amount of a Participant's deferrals, the Administrative Committee, in its sole discretion, may cause appropriate, equitable adjustments to be made as soon as administratively practicable following the discovery of such error or omission.

3.10 **<u>Value of Account</u>**.

The value of a Participant's Account as of any date will be equal to the aggregate value of all contributions and all investment earnings deemed credited to his or her Account as of such date, determined in accordance with this Article III.

ARTICLE IV

INVESTMENT FUNDS

4.1 **Selection by Administrative Committee**.

From time to time, the Administrative Committee will select two or more Investment Funds for purposes of determining the rate of return on amounts deemed invested in accordance with the terms of the Plan. The Administrative Committee may change, add or remove Investment Funds on a prospective basis at any time and in any manner it deems appropriate.

4.2 **Participant Direction of Deemed Investments**.

Each Participant generally may direct the manner in which his or her Account will be deemed invested among the Investment Funds; provided, such investment directions will be made in accordance with the following terms:

(a) **Nature of Participant Direction**. The selection of Investment Funds by a Participant will be for the sole purpose of determining the rate of return to be credited to his or her Account, and will not be treated or interpreted in any manner whatsoever as a requirement or direction to actually invest assets in any Investment Fund or any other investment media. The Plan, as an unfunded, nonqualified deferred compensation plan, at no time will have any actual investment of assets relative to the benefits or Accounts hereunder.

(b) **Investment of Contributions**. Except as otherwise provided in this Section 4.2, each Participant may make an Investment Election prescribing the percentage of his or her future contributions that will be deemed invested in each Investment Fund. An initial Investment Election of a Participant will be made as of the date the Participant commences or recommences participation in the Plan and will apply to all contributions credited to such Participant's Account after such date. Such Participant may make subsequent Investment Elections as of any Valuation Date, and such elections will apply to all such specified contributions credited to such Participant's Account after such date. Any Investment Election made pursuant to this subsection (b) with respect to future contributions will remain in effect until changed by the Participant.

(c) **Investment of Existing Account Balances**. Except as otherwise provided in this Section 4.2, each Participant's existing Account balance on the Effective Date will be deemed invested in the various categories of current Investment Funds based upon the categories selected in the Investment Election in effect for such Participant on the Effective Date. Each Participant may make an Investment Election, effective as of any Valuation Date after the Effective Date, prescribing a different percentage or dollar amount of his or her existing Account balance that will be deemed invested in each Investment Fund. Each such election will remain in effect until changed by such Participant.

(d) **Administrative Committee Discretion**. The Administrative Committee will have complete discretion to adopt and revise procedures to be followed in making such Investment Elections. Such procedures may include, but are not limited to, the process of making elections, the permitted frequency of making elections, the incremental size of elections, the deadline for making elections and the effective date of such elections. Any procedures adopted by the Administrative Committee that are inconsistent with the deadlines or procedures specified in this Section 4.2 will supersede such provisions of this Section 4.2 without the necessity of a Plan amendment.

ARTICLE V

DISTRIBUTIONS TO PARTICIPANTS

5 . 1 **Application**. The provisions of this Article V apply solely with respect to a Participant's Section 409A Account. Distributions with respect to a Participant's Pre-Section 409A Account are governed by the terms of the Mohawk Industries, Inc. Executive Deferred Compensation Plan and the Mohawk Industries, Inc. Management Deferred Compensation Plan as those plans were in effect prior to 2005. If a Participant dies before payment of his or her Account has been made or commenced, his or her Section 409A Account will be paid to his or her Beneficiary in accordance with Article VI.

5.2 **Benefit Payments Upon Separation from Service** .

(a) **Amount of Payment**. At the time provided in subsection (b) hereof, the Participant will receive or begin receiving a distribution of the entire vested amount credited to his or her Section 409A Account, determined as of the Valuation Date on which such distribution is processed. For purposes of this subsection (a), the "Valuation Date on which such distribution is processed" refers to the Valuation Date established for such purpose by administrative practice, even if actual payment is made or commenced at a later date due to delays in valuation, administration or any other procedure. No Participating Company or other person will be liable to a Participant or Beneficiary for interest or investment losses due to an administrative delay in processing of any payment under the Plan.

(b) **Timing of Distribution**.

(i) **General Rule**. Subject to subsection (b)(ii), (b)(iii) and Section 5.3(b), the distribution of the vested benefit payable to a Participant under this Section 5.2 will be paid or installments will commence within 90 days following the date on which the Participant Separates from Service, with the exact date to be determined by the Administrative Committee.

(ii) **Distributions to Specified Employees**. If a Participant is a Specified Employee and his or her vested benefit is payable as a result of his or her Separation from Service for any reason other than death, his or her vested benefit will be paid (or commence to be paid) on the earlier of the Participant's death or the first day of the seventh calendar month following the date on which the Participant Separated from Service. If payments are to be made in the form of installments, any installments that are delayed pursuant to this subsection (b)(ii) will be accumulated and paid at the time permitted under this subsection (b)(ii), and the remaining payments will resume in accordance with the original schedule.

(iii) Payment of Certain Bonuses. In the case of a Bonus that, absent a Bonus Election, would be paid within the first 2½ months of the following calendar year, if the Participant Separates from Service prior to the year in which such Bonus would be paid absent a Bonus Election, any portion of such Bonus that is subject to a Bonus Election will be paid in a lump-sum within the first 2½ months of the calendar year following the year in which the Participant Separates from Service, notwithstanding any payment election or modification made pursuant to Section 5.3, provided that any such distribution to a Specified Employee will not be made earlier than the date determined under subsection (b)(ii).

5.3 **Form of Distribution**.

(a) **Single-Sum Payment**. Except as provided in subsection (b) hereof, the benefit payable to a Participant upon Separation from Service pursuant to Section 5.2 will be distributed in the form of a single-sum payment.

(b) **Annual Installments**. A Participant may elect, at the time he or she makes his or her initial Salary and/or Bonus Election, to have his or her vested Account balance payable upon Separation from Service under Section 5.2 paid in the form of annual installment payments. The following terms and conditions will apply to installment payments made under the Plan:

(i) The installment payments will be made in substantially equal annual installments over a period elected by the Participant not to exceed 10 years. The amount of each installment payment will be equal to: (x) the value of the Participant's Account as of the most recent Valuation Date multiplied by (y) a fraction, the numerator of which is one, and the denominator of which is the number of installments remaining to be paid under the Participant's election (including the current installment).

(ii) The Participant's Account will continue to be adjusted for earnings between payments in the manner described in Section 3.5.

(iii) The installment payments will be made in annual installments, commencing on the date determined under Section 5.2(b)(i), and continuing on the anniversary on the initial distribution date thereafter; provided that, if distribution to the Participant is delayed pursuant to Section 5.2(b)(ii), the amount of the installments that would otherwise be payable during the period of delay immediately following the Participant's Separation from Service will be paid at the time specified in Section 5.2(b)(ii) and thereafter the normal payment schedule for any remaining installment payments will resume.

(iv) Notwithstanding anything in the Plan to the contrary, if a Participant's Section 409A Account balance does not exceed $10,000 at the time he or she Separates from Service, the Participant's entire Section 409A Account will be paid in a single-sum payment upon the Participant's Separation from Service (subject to any delay required under Section 5.2(b)(ii) in the case of a Specified Employee).

(c) **Modifications of Form and Timing**.

(i) **Availability of Election**. A Participant may make one or more elections to (i) delay the payment (or commencement) of the portion of his or her Section 409A Account and/or (ii) change the form of payment to: (A) have the portion of his or her Section 409A Account attributable to such election paid in the form of annual installment payments as described above, (B) change the number of installment payments elected, or (C) change installments to a lump sum. Any election under this subsection will specify the number of installment payments elected, if any.

(ii) **Delay in Payment Date**. In the event of a change under subsection (c)(i), the Payment Date for the portion of the Participant's Section 409A Account attributable to such election will be delayed to 5 years after the date of payment that applied prior to the election, or such later date as may be elected by the Participant under subsection (i).

(iii) **Restrictions**. Any election under this subsection (c) will not take effect until 12 months after the date on which the election is made, and, if made within 12 months before the date on which payment was scheduled to begin or be made under the previous payment terms, will not be effective.

5.4 **Hardship Withdrawals**.

Upon receipt of an application for an in-service hardship distribution and the Administrative Committee's decision, made in its sole discretion, that a Participant has suffered a Financial Hardship, the Administrative Committee will cause the applicable Participating Company to pay an in-service distribution to such Participant from the Participant's vested Section 409A Account. Such distribution will be paid in a lump sum payment within 90 days after the date that the Administrative Committee makes its determination that the Participant has suffered a Financial Hardship (assuming that the Financial Hardship exists on that date), which must be prior to the Participant's Separation from Service. The amount of such lump sum payment will be limited to the amount of such Participant's vested Section 409A Account reasonably necessary to meet the Participant's requirements resulting from the Financial Hardship. Determinations of amounts reasonably necessary to satisfy the emergency need will take into account any additional compensation that is available under the Plan due to cancellation of a deferral election upon a payment due to a Financial Hardship. However, the determination of amounts reasonably necessary to satisfy the emergency need will not take into account any additional compensation that due to the Financial Hardship is available under the Plan or another nonqualified deferred compensation plan but has not actually been paid. If payment is made hereunder upon a Financial Hardship, it will be so designated at the time of payment. The amount of such distribution will reduce the Participant's Section 409A Account balance as provided in Section 3.4.

5.5 **Form of Distribution**. All distributions will be made in the form of cash.

5.6 **Offset of Benefit by Amounts Owed to the Controlling Company** Notwithstanding anything in the Plan to the contrary, the Administrative Committee may, in its sole discretion, offset any payment or payments from a Participant's Section 409A Account by any amount owed by such Participant to the Controlling Company or any other member of the Controlled Group; however, no such offset will apply if such offset would constitute an acceleration of the payment of benefits under the Plan, unless the following requirements are met: (i) the debt owed to the Controlling Company or any other Controlled Group member was incurred in the ordinary course of the relationship between the Participant and the Controlling Company or other Controlled Group member; (ii) the entire amount of offset to which this sentence applies in a single taxable year does not exceed $5,000; and (iii) the offset occurs at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

5.7 **No Acceleration or Delay of Payments** Except as otherwise provided in this Section 5.7, no payment scheduled to be made under this Article V may be accelerated. Notwithstanding the foregoing, the Administrative Committee, in its sole discretion, may accelerate any payment scheduled to be made under this Article V in accordance with Code Section 409A (for example, upon certain terminations of the Plan, limited cashouts or to avoid certain conflicts of interest); provided, a Participant may not elect whether his or her scheduled payment will be accelerated pursuant to this sentence.

5.8 **Taxes**. If the whole or any part of any Participant's or Beneficiary's Section 409A Account hereunder will become subject to any estate, inheritance, income or other tax which the Participating Companies will be required to pay or withhold, the Participating Companies will have the full power and authority to withhold and pay such tax out of any monies or other property in its hand for the account of the Participant or Beneficiary whose interests hereunder are so affected, including, to the extent permitted under Code Section 409A, by offsetting the Participant's Section 409A Account. Prior to making any payment, the Participating Companies may require such releases or other documents from any lawful taxing authority as it may deem necessary. Notwithstanding anything in the Plan to the contrary, the distribution of a Participant's benefit hereunder prior to his or her Separation from Service with the Company will be limited to an amount that would not cause the Participant to receive compensation that the Administrative Committee determines would not be deductible under Code Section 162(m), provided that any amount that is not paid as a result of this limitation will be paid at the earliest date at which the Company reasonably anticipates that the deduction for the payment will not be limited by Code Section 162(m).

ARTICLE VI

DEATH BENEFITS

6.1 **Death Benefits**.

(a) **Amount of Payment**. If a Participant dies before payment of his or her benefit from the Plan is made or commences, the Beneficiary or Beneficiaries designated by such Participant in his or her latest beneficiary designation form filed with the Administrative Committee will be entitled to receive a distribution of the entire vested amount credited to such Participant's Account, determined as of the Valuation Date on which such distribution is processed. For purposes of this Section 6.1, the "Valuation Date on which such distribution is processed" refers to the Valuation Date established for such purpose by administrative practice, even if actual payment is made at a later date due to delays in valuation, administration or any other procedure.

(b) **Timing of Distribution**. Payment will be made at the time determined under Section 5.2(b), without regard to subsection (b)(ii) thereof.

(c) **Form of Distribution**. Payment will be in the form elected by the Participant in accordance with Section 5.3.

6.2 **Beneficiary Designation**.

(a) **General**. Participants may designate and from time to time may redesignate their Beneficiaries in such form and manner as the Administrative Committee may determine.

(b) **No Designation or Designee Dead or Missing**. In the event that:

(i) A Participant dies without designating a Beneficiary;

(ii) The Beneficiary designated by a Participant is not surviving when a payment is to be made to such person under the Plan, and no contingent Beneficiary has been designated; or

(iii) The Beneficiary designated by a Participant cannot be located by the Administrative Committee on the date benefits are to be paid to such person;

then, in any of such events, the Beneficiary of such Participant with respect to any benefits that remain payable under the Plan will be the Participant's estate.

ARTICLE VII

CLAIMS

7.1 **Rights**. If a Participant or Beneficiary has any grievance, complaint or claim concerning any aspect of the operation or administration of the Plan, including but not limited to claims for benefits and complaints concerning the investments of Accounts (collectively referred to herein as "claim" or "claims"), the Participant or Beneficiary will submit the claim in accordance with the procedures set forth in this Article VII. All such claims must be submitted within the "applicable limitations period." The "applicable limitations period" will be 2 years, beginning on (i) in the case of any lump-sum payment, the date on which the payment was made, (ii) in the case of an installment payment, the date of the first in the series of payments, or (iii) for all other claims, the date on which the action complained of occurred. Additionally, upon denial of an appeal pursuant to Section 7.3 hereof, a Participant or Beneficiary will have 90 days within which to bring suit against the Plan for any claim related to such denied appeal; any such suit initiated after such 90-day period will be precluded.

7.2 **Procedure**. Claims for benefits under the Plan may be filed with the Administrative Committee on forms supplied by the Administrative Committee in accordance with subsection (a) hereof, as applicable.

(a) **Generally**. The Administrative Committee will furnish to the claimant written notice of the disposition of a claim within 120 days after the application therefor is filed; provided, if special circumstances require an extension of time for processing the claim, the Administrative Committee will furnish written notice of the extension to the claimant prior to the end of the initial 120-day period, and such extension will not exceed one additional, consecutive 120-day period. In the event the claim is denied, the notice of the disposition of the claim will provide the specific reasons for the denial, cites of the pertinent provisions of the Plan, an explanation as to how the claimant can perfect the claim and/or submit the claim for review (where appropriate), and a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

7.3 **Review Procedure**. Any Participant or Beneficiary who has been denied a benefit, or his or her duly authorized representative, will be entitled, upon request to the Administrative Committee, to appeal the denial of his or her claim in accordance with this Section 7.3.

(a) **Generally**. The claimant or his or her duly authorized representative, may review pertinent documents related to the Plan and in the Administrative Committee's possession in order to prepare the appeal. The form containing the request for review, together with a written statement of the claimant's position, must be filed with the Administrative Committee no later than 60 days after receipt of the written notification of denial of a claim provided for in Section 7.2. The Administrative Committee's decision will be made within 60 days following the filing of the request for review and will be communicated in writing to the claimant; provided, if special circumstances require an extension of time for processing the appeal, the Administrative Committee will furnish written notice to the claimant prior to the end of the initial 60-day period, and such an extension will not exceed one additional 60-day period. If unfavorable, the notice of decision will explain the reason or reasons for denial, indicate the provisions of the Plan or other documents used to arrive at the decision, and state the claimant's right to bring a civil action under ERISA Section 502(a).

7.4 **Satisfaction of Claims**. Any payment to a Participant or Beneficiary, or to his or her legal representative or heirs at law, all in accordance with the provisions of the Plan, will to the extent thereof be in full satisfaction of all claims hereunder against the Administrative Committee and the Participating Companies, any of whom may require such Participant, Beneficiary, legal representative or heirs at law, as a condition to such payment, to execute a receipt and release therefor in such form as will be determined by the Administrative Committee or the Participating Companies, as the case may be. If receipt and release will be required but execution by such Participant, Beneficiary, legal representative or heirs at law will not be accomplished so that the terms of Article V (dealing with the distributions of Section 409A Accounts) may be fulfilled, such benefits will be forfeited.

ARTICLE VIII

SOURCE OF FUNDS; TRUST

8.1 **Source of Funds**.

Except as provided in this Section 8.1 and Section 8.2 (relating to the Trust), each Participating Company will provide the benefits described in the Plan from its general assets. However, to the extent that funds in such Trust allocable to the benefits payable under the Plan are sufficient, the Trust assets may be used to pay benefits under the Plan. If such Trust assets are not sufficient to pay all benefits due under the Plan, then the appropriate Participating Company will have the obligation, and the Participant or Beneficiary, who is due such benefits, will look to such Participating Company to provide such benefits.

8.2 **Trust**.

(a) **Establishment**. To the extent determined by the Administrative Committee, the Participating Companies will transfer the funds necessary to fund some or all benefits accrued hereunder to the Trustee to be held and administered by the Trustee pursuant to the terms of the Trust Agreement. It is the intent of the Controlling Company that the assets held by the Trust are and will remain at all times subject to the claims of the general creditors of the Participating Companies.

(b) **Distributions**. Pursuant to the Trust Agreement, the Trustee will make payments to Plan Participants and Beneficiaries in accordance with a payment schedule provided by the Participating Company. The Participating Company will make provisions for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and will pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Participating Company.

(c) **Status of the Trust**. No Participant or Beneficiary will have any interest in the assets held by the Trust or in the general assets of the Participating Companies other than as a general, unsecured creditor. Accordingly, a Participating Company will not grant a security interest in the assets held by the Trust in favor of the Participants, Beneficiaries or any creditor.

8.3 **Funding Prohibition under Certain Circumstances** Notwithstanding anything in this Article VIII to the contrary, no assets will be set aside to fund benefits under the Plan if such setting aside would be treated as a transfer of property under Code Section 83 pursuant to Code Section 409A(b).

ARTICLE IX

ADMINISTRATIVE COMMITTEE

9.1 **Action**

Action of the Administrative Committee may be taken and recorded as prescribed in the Charter of the Mohawk Industries Retirement Plan Committee. If a member of the committee is a Participant or Beneficiary, he or she will not participate in any decision which solely affects his or her own benefit under the Plan.

9.2 **Rights and Duties**.

The Administrative Committee will administer the Plan and will have all powers necessary to accomplish that purpose, including (but not limited to) the following:

(a) To construe, interpret and administer the Plan;

(b) To make determinations required by the Plan, and to maintain records regarding Participants' and Beneficiaries' benefits hereunder;

(c) To compute and certify to the Participating Companies the amount and kinds of benefits payable to Participants and Beneficiaries, and to determine the time and manner in which such benefits are to be paid;

(d) To authorize all disbursements by the Participating Companies pursuant to the Plan;

(e) To maintain all the necessary records of the administration of the Plan;

(f) To make and publish such rules for the regulation of the Plan as are not inconsistent with the terms hereof;

(g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder; and

(h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan.

The Administrative Committee will have the exclusive right to construe and interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters will be final and conclusive on all parties.

9.3 **Compensation, Indemnity and Liability**.

The Administrative Committee and its members will serve as such without bond and without compensation for services hereunder. All expenses of the Administrative Committee will be paid by the Participating Companies. No member of the Administrative Committee will be liable for any act or omission of any other member of the committee, nor for any act or omission on his or her own part, excepting his or her own willful misconduct or gross negligence. The Participating Companies will indemnify and hold harmless the Administrative Committee and each member thereof against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his or her membership on the committee, excepting only expenses and liabilities arising out of his or her own willful misconduct or gross negligence.

ARTICLE X

AMENDMENT AND TERMINATION

10.1 **Amendments**.

The Administrative Committee may amend the Plan at any time in accordance with the rules under Code Section 409A; provided, however, that any amendment that results in a material economic benefit to members of the Administrative Committee shall be approved by the Compensation Committee of the Board. Any amendment will be in writing and may modify its terms in any respect whatsoever, and may include, without limitation, a permanent or temporary freezing of the Plan such that the Plan will remain in effect with respect to existing Account balances without permitting any new contributions; provided, no such action may reduce the amount already credited to a Participant's Account without the affected Participant's written consent. All Participants and Beneficiaries will be bound by such amendment.

10.2 **Termination of Plan**.

The Administrative Committee reserves the right to terminate the Plan at any time, for any reason. Any action to terminate the Plan will be taken by the Administrative Committee in the form of a written Plan amendment. If the Plan is terminated, each Participant becomes 100% vested in his or her Account which will be distributed in a single sum as soon as practicable after the date the Plan is terminated, subject to the requirements of Code Section 409A. Such termination will be binding on all Participants and Beneficiaries. Notwithstanding anything in the foregoing to the contrary, a Participant's Section 409A Account will be distributed upon Plan termination only to the extent that such termination occurs within one year following a change in control as defined by Code Section 409A or in other circumstances permitted under Code Section 409A.

ARTICLE XI

MISCELLANEOUS

11.1 **Taxation**.

It is the intention of the Participating Companies that the benefits payable hereunder will not be deductible by the Participating Companies nor taxable for federal income tax purposes to Participants or Beneficiaries until such benefits are paid by the Participating Companies, or the Trust, as the case may be, to such Participants or Beneficiaries. With respect to Section 409A Accounts under the Plan, the Participating Companies intend that no amounts be included in a Participant's taxable income pursuant to Code Section 409A, and the Plan will be administered and interpreted in accordance with the applicable requirements of Code Section 409A and the regulations thereunder. When benefits are paid under the Plan, it is the intention of the Participating Companies that they will be deductible by the Participating Companies under Code Section 162.

11.2 **Distribution pursuant to a Domestic Relations Order**.

(a) **Distribution Due to Domestic Relations Order**. Upon receipt of a valid domestic relations order requiring the distribution of all or a portion of a Participant's Account to an alternate payee, the Administrative Committee will cause the Controlling Company to pay a distribution to such alternate payee. The distribution will be paid in a single-sum payment in cash. The distribution will be completed as soon as administratively practicable after the Administrative Committee determines that the order meets the elements of a valid domestic relations order, as set forth in subsection (b) hereof, or if later, when the terms of the order have been modified to meet such elements. No distribution will be completed unless and until the order constitutes a valid domestic relations order.

(b) **Requirements of a Domestic Relations Order**. For purposes of this Section 11.2, a court order will be considered a valid domestic relations order if it relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant, and is made pursuant to the domestic relations law of a state. The order should clearly identify the name of the Participant and the alternate payee, the Plan, and the amount or percentage of the Participant's Account to be paid to the alternate payee, or the manner in which such amount or percentage is to be determined. The order may not require payment of a type or form of benefit other than as provided in subsection (a) hereof, payment of increased benefits or benefits to which the Participant does not have a vested right, or payment of benefits required to be paid to another alternate payee under another order previously determined to be a valid domestic relations order.

(c) **Domestic Relations Order Review Authority**. The Administrative Committee will have authority to review and determine whether a court order meets the conditions of this Section 11.2, and to issue and adopt procedures that may be helpful in administering this Section 11.2.

11.3 **Payment to Minors and Incapacitated Persons**

In the event that any amount will be payable to a minor or to any person who, in the judgment of the Administrative Committee, is incapable of making proper disposition thereof, such payment will be made for the benefit of such minor or such person in any of the following ways as the Administrative Committee, in its sole discretion, will determine:

(a) By payment to the legal representative of such minor or such person;

(b) By payment directly to such minor or such person; or

(c) By payment in discharge of bills incurred by or for the benefit of such minor or such person.

The Administrative Committee will make such payments without the necessary intervention of any guardian or like fiduciary, and without any obligation to require bond or to see to the further application of such payment. Any payment so made will be in complete discharge of the Plan's obligation to the Participant and his or her Beneficiaries.

11.4 **No Employment Contract**.

Nothing herein contained is intended to be nor will be construed as constituting a contract or other arrangement between a Participating Company and any Participant to the effect that the Participant will be employed by the Participating Company for any specific period of time.

11.5 **Headings**.

The headings of the various articles and sections in the Plan are solely for convenience and will not be relied upon in construing any provisions hereof. Any reference to a section will refer to a section of the Plan unless specified otherwise.

11.6 **Gender and Number**.

Use of any gender in the Plan will be deemed to include all genders when appropriate, and use of the singular number will be deemed to include the plural when appropriate, and vice versa in each instance.

11.7 **Assignment of Benefits**.

The right of a Participant or his or her Beneficiary to receive payments under the Plan may not be anticipated, alienated, sold, assigned, transferred, pledged, encumbered, attached or garnished by creditors of such Participant or Beneficiary, except by will or by the laws of descent and distribution and then only to the extent permitted under the terms of the Plan.

11.8 **Governing Law**.

The Plan will be construed, administered and governed in all respects in accordance with applicable federal law (including ERISA) and, to the extent not preempted by federal law, in accordance with the laws of the State of Georgia. If any provisions of this instrument will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof will continue to be fully effective.

IN WITNESS WHEREOF, the Controlling Company has caused the Plan to be executed by its duly authorized officer on the 26th day of February, 2015.

MOHAWK INDUSTRIES, INC.

By: /s/ Philip A. Brown

Title: V.P., H.R

EXHIBIT A

THE MOHAWK INDUSTRIES, INC. SENIOR MANAGEMENT DEFERRED COMPENSATION PLAN PARTICIPATING COMPANIES

The following companies are Participating Companies in the Plan.

- Aladdin Manufacturing Corporation
- Dal-Elit, LLC
- Dal Italia, LLC
- Dal-Tile Distribution, Inc.
- Dal-Tile Services, Inc.
- Mohawk Carpet, LLC
- Mohawk Carpet Distribution, Inc.
- Mohawk ESV, Inc.
- Unilin North America, LLC
- Unilin US MDF

Exhibit 12.1

Mohawk Industries, Inc.

Statement Regarding Computation of Earnings to Fixed Charges

(In Thousands, Except Ratio Data)

	Year Ended December 31,				
	2011	**2012**	**2013**	**2014**	**2015[3]**
Fixed rent expense	$ 103,416	97,587	116,541	114,529	110,771
Principal	68,944	65,058	77,694	76,353	73,847
Interest	34,472	32,529	38,847	38,176	36,924
Total	$ 103,416	97,587	116,541	114,529	110,771
Fixed charges:					
Portion of rent expense representative of interest	34,472	32,529	38,847	38,176	36,924
Capitalized interest	6,197	4,577	8,167	9,202	7,091
Interest expensed	101,617	74,713	92,246	98,207	71,086
Total fixed charges (1)	$ 142,286	111,819	139,260	145,585	115,101
Earnings (2) :					
Earnings before income taxes	199,874	304,492	445,571	663,891	748,861
Fixed charges	142,286	111,819	139,260	145,585	115,101
Amortization of capitalized interest	5,886	5,452	5,550	6,230	6,326
less:					
Capitalized interest	(6,197)	(4,577)	(8,167)	(9,202)	(7,091)
Total earnings	$ 341,849	417,186	582,214	806,504	863,197
Ratio of earnings to fixed charges	2.4	3.7	4.1	5.5	7.5

(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 year ended December 31, 2015 (as defined in Note (2) above) reflects a $122,480 charge related to the settlement and further defense of the polyurethane foam litigation described in more detail in the Company's Annual Report on Form 10-K. Excluding the litigation-related charge, earnings for the year would be $985,677 and the ratio of earnings to fixed charges would be 8.6.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Aladdin Manufacturing Corporation	Delaware
Alsace Logistique S.A.	France
Altaj Kerama OOO	Russia
Avelgem Green Power CVBA	Belgium
B&M NV	Belgium
Balterio US, Inc.	Georgia
C.F. Marazzi S.A.	Luxembourg
Cerámica San Lorenzo de México, S.A. de C.V.	Mexico
Ceramica San Lorenzo USA, Inc.	California
Cevotrans BV	Netherland
CJSC "Kerama Center"	Russia
CJSC "Yugra Kerama"	Russia
CJSC Company Don-Kerama	Russia
CJSC Irkutsk-Kerama	Russia
Dal Italia LLC	Delaware
Dal-Elit, LLC	Texas
Dal-Tile Corporation	Pennsylvania
Dal-Tile Distribution, Inc.	Delaware
Dal-Tile Group Inc.	Delaware
Dal-Tile I, LLC	Delaware
Dal-Tile Industrias, S. de R.L. de C.V.	Mexico
Dal-Tile International Inc.	Delaware
Dal-Tile Mexico, S. de R.L. de C.V.	Mexico
Dal-Tile of Canada ULC	British Columbia
Dal-Tile Operaciones Mexico S. De R.L. De C.V.	Mexico
Dal-Tile Puerto Rico, Inc.	Puerto Rico
Dal-Tile Recubrimientos S. De R.L. De C.V.	Mexico
Dal-Tile Services, Inc.	Delaware
Dal-Tile Shared Services, Inc.	Delaware
Dal-Tile Tennessee, LLC	Delaware
Dekaply NV	Belgium
DT Mex Holdings, LLC	Delaware
DTM/CM Holdings, LLC	Delaware
Dynea NV	Belgium
Explorer S.r.l.	Italy
F.I.L.S. Investments Ltd.	Ireland
Flooring Industries Limited S.à r.l.	Luxembourg
Flooring XL B.V.	Netherlands
Floorscape Limited	New Zealand
Horizon Europe, Inc	Georgia
Hytherm Ltd	Northern Ireland
Hytherm Ireland Ltd	Ireland
Hytherm Sales Ltd	Ireland
International Flooring Systems S.à r.l.	Luxembourg
International Vinyl Company - Vostok OOO	Russia
IVC BVBA	Belgium
IVC Far-East Trading (Shanghai) Co. Ltd.	Shanghai
IVC France S.à r.l.	France

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

IVC Green Power NV	Belgium
IVC US, Inc.	Georgia
KAI Ceramics SRL	Romania
KAI Keramica Ltd	Greece
KAI Mining EOOD	Bulgaria
Kai Serbia Holding B.V.	Netherlands
Kerama Baltics OOO	Latvia
Kerama Ekaterinburg OOO	Russia
Kerama Kiev OOO	Ukraine
Kerama Nizhny Novgorod OOO	Russia
Kerama Omsk OOO	Russia
Kerama Perm OOO	Russia
Kerama Sochi OOO	Russia
Kerama Spb, LLC	Russia
Kerama Tumen ZAO	Russia
Kerama-KMV, LLC	Russia
Kerama-Volgograd	Russia
Khan Asparuh - Transport EOOD	Bulgaria
Khan Asparuh AD	Bulgaria
Khan Omurtag AD	Bulgaria
LLC "Kerama Krym"	Russia
LLC "Kerama Export"	Russia
LLC "Kerama Golden Ring"	Russia
LLC "Kerama Marazzi"	Russia
LLC "Kerama Volgograd"	Russia
LLC "Kerampromservis"	Ukraine
LLC "Oka Kerama"	Russia
LLC Baltkerama	Russia
LLC Ufa-Kerama	Russia
LLC Yenisei - Kerama LLC YY	Russia
Management Co EAD	Bulgaria
Marazzi Acquisition S.r.l.	Italy
Marazzi Canada, Inc.	Canada
Marazzi Deutschland G.m.b.H.	Germany
Marazzi Engineering S.r.l.	Italy
Marazzi France Trading S.A.S.	France
Marazzi Group F.Z.E.	UAE
Marazzi Group S.r.l.	Italy
Marazzi Group Trading (Shanghai) Co. Ltd.	China
Marazzi Iberia S.A.U.	Spain
Marazzi Japan Co., Ltd.	Japan
Marazzi Schweiz S.A.G.L.	Switzerland
Marazzi UK Ltd.	United Kingdom
MG China Trading Ltd.	Hong Kong
Moduleo GmbH	Germany
Moduleo Limited	United Kingdom
Mohawk Australia Pty Ltd	Australia
Mohawk Canada Corporation	Nova Scotia

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Mohawk Capital Luxembourg S.A.	Luxembourg
Mohawk Carpet Distribution, Inc.	Delaware
Mohawk Carpet Transportation of Georgia, LLC	Delaware
Mohawk Carpet, LLC	Delaware
Mohawk Commercial, Inc.	Delaware
Mohawk ESV, Inc	Delaware
Mohawk Europe BVBA	Belgium
Mohawk Factoring II, Inc.	Delaware
Mohawk Factoring, LLC	Delaware
Mohawk Finance S.à r.l.	Luxembourg
Mohawk Financing International S.à r.l.	Luxembourg
Mohawk Foreign Acquisitions S.a.r.l.	Luxembourg
Mohawk Foreign Funding S.a.r.l	Luxembourg
Mohawk Foreign Holdings S.a.r.l.	Luxembourg
Mohawk Global Investments S.à r.l.	Luxembourg
Mohawk Holdings International B.V.	Netherlands
Mohawk Industries, Inc.	Delaware
Mohawk International (Europe) S.a.r.l.	Luxembourg
Mohawk International (Hong Kong) Limited	Hong Kong
Mohawk International Financing S.a.r.l	Luxembourg
Mohawk International Holdings (DE) Corporation	Delaware
Mohawk International Holdings S.à r.l.	Luxembourg
Mohawk International Luxembourg S.à r.l.	Luxembourg
Mohawk KAI Luxembourg Holding S.à r.l.	Luxembourg
Mohawk KAI Luxembourg S.à r.l.	Luxembourg
Mohawk Marazzi International BV	Netherlands
Mohawk Marazzi Russia BV	Netherlands
Mohawk New Zealand Limited	New Zealand
Mohawk Operations Luxembourg S.à r.l.	Luxembourg
Mohawk Resources, LLC	Delaware
Mohawk Servicing, LLC	Delaware
Mohawk Singapore Private Limited	Republic of Singapore
Mohawk Trading (Shanghai) Co., Ltd	China
Mohawk Unilin Luxembourg S.à r.l.	Luxembourg
Mohawk United Finance B.V.	Netherlands
Mohawk United International B.V.	Netherlands
Mohawk Vinyl Financing S.à r.l.	Luxembourg
Monarch Ceramic Tile, Inc.	Texas
MUD (Holding) Brazil Ltda.	Brazil
Orelshtamp OOO	Russia
Pergo (Europe) AB	Sweden
Pergo Holding BV	Netherlands
Pergo India Pvt Ltd	India
Pergo Limited	United Kingdom
PJSC "Kraj Kerama"	Ukraine
PJSC Budagromekhzaptchastyna	Ukraine
Premium Floors Australia Pty Limited	Australia
Progres Ceramica SRL	Romania

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

RR Apex, LLC	Delaware
Sibir Kerama ZAO	Russia
SimpleSolutionsUSA LLC	Delaware
Spanin NV	Belgium
Spano Invest BVBA	Belgium
Spano NV	Belgium
Spanolux OOO	Russia
Spanolux SPRL	Belgium
Stroytrans Orelstroy, CJSC	Russia
Tiles Co OOD	Bulgaria
Trinterio BVBA	Belgium
Unilin (Malaysia) Sdn. Bhd.	Malaysia
Unilin ApS	Denmark
Unilin Beheer BV	Netherlands
Unilin BVBA	Belgium
Unilin Distribution Ukraine LLC	Ukraine
Unilin Distribution, Ltd.	United Kingdom
Unilin Finland OY	Finland
Unilin Flooring SAS	France
Unilin GmbH	Germany
Unilin Holding BVBA	Belgium
Unilin Holding SAS	France
Unilin Industries BVBA	Belgium
Unilin Insulation BV	Netherlands
Unilin Insulation SAS	France
Unilin Insulation Sury SAS	France
Unilin North America, LLC	Delaware
Unilin Norway AS	Norway
Unilin OOO	Russia
Unilin Poland Sp.Z.o.o.	Poland
Unilin s.r.o.	Czech Republic
Unilin SAS	France
Unilin Spain SL	Spain
Volga Kerama	Russia
World International, Inc.	Barbados
Xtratherm BV	Netherlands
Xtratherm GmbH	Germany
Xtratherm Ltd	Ireland
Xtratherm SA	Belgium
Xtratherm Sales BVBA	Netherlands
Xtratherm Sarl	France
Xtratherm UK Ltd	United Kindgom

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Mohawk Industries, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-202351) on Form S-3 and (No. 333-23577, No. 333-91908, No. 333-143370 and No. 333-181363) on Form S-8, of Mohawk Industries, Inc. of our reports dated February 29, 2016, with respect to the consolidated balance sheets of Mohawk Industries, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the annual report on Form 10-K of Mohawk Industries, Inc.

Our report dated February 29, 2016, on the effectiveness of internal control over financial reporting as of December 31, 2015, contains an explanatory paragraph that states on May 12, 2015, June 12, 2015 and December 7, 2015, Mohawk Industries, Inc. completed the acquisitions of the KAI Group, the IVC Group and Xtratherm, respectively. As a result, management excluded the KAI Group, the IVC Group and Xtratherm from its assessment of internal control over financial reporting as of December 31, 2015. The KAI Group, the IVC Group and Xtratherm represent 12.7% of the Mohawk Industries, Inc.'s total assets (excluding goodwill and intangible assets of 32.9%), and 4.9% of Mohawk Industries, Inc.'s net sales of the related consolidated financial statement amounts as of and for the year ended December 31, 2015, respectively. Our audit of internal control over financial reporting of Mohawk Industries, Inc. also excluded an evaluation of the internal control over financial reporting of the KAI Group, the IVC Group and Xtratherm.

/s/ KPMG LLP

Atlanta, Georgia
February 29, 2016

EXHIBIT 31.1

CERTIFICATIONS

I, Jeffrey S. Lorberbaum, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 29, 2016

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Frank H. Boykin, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 29, 2016

/s/ Frank H. Boykin

Frank H. Boykin
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the annual report of Mohawk Industries, Inc. (the "Company") on Form 10-K for the period ended December 31, 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

February 29, 2016

EXHIBIT 32.2

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

In connection with the annual report of Mohawk Industries, Inc. (the "Company") on Form 10-K for the period ended December 31, 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

February 29, 2016