MOHAWK INDUSTRIES INC
Form DEF 14A
April 01, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

MOHAWK INDUSTRIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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To the Stockholders of Mohawk Industries, Inc.:

You are cordially invited to attend the annual meeting of stockholders to be held on Wednesday, May 11, 2011, at 10:00 a.m. local time, at the corporate headquarters of the Company, 160 South Industrial Boulevard, Calhoun, Georgia 30701.

The business of the meeting will be to elect a class of directors to serve a three-year term beginning in 2011 and to consider non-binding resolutions related to the ratification of the selection of KPMG LLP as the Company s independent registered public accounting firm, an advisory vote on executive compensation and an advisory vote on the frequency of future advisory votes on executive compensation. There will not otherwise be a business review at the meeting.

Whether or not you plan to attend the annual meeting, please complete, sign, date and return the enclosed proxy card in the enclosed, postage-prepaid envelope or vote by Internet or telephone at your earliest convenience so that your shares will be represented at the meeting. If you choose to attend the meeting, you may revoke your proxy and personally cast your votes. To receive a map and driving directions to the corporate headquarters, please call Deby Forbus at (706) 624-2246.

Sincerely yours,

JEFFREY S. LORBERBAUM
Chairman and Chief Executive Officer

Calhoun, Georgia
April 1, 2011

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MOHAWK INDUSTRIES, INC.
160 South Industrial Boulevard
Calhoun, Georgia 30701

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 11, 2011

The annual meeting of stockholders of Mohawk Industries, Inc. (the Company) will be held on Wednesday, May 11, 2011, at 10:00 a.m. local time, at the corporate headquarters of the Company, 160 South Industrial Boulevard, Calhoun, Georgia 30701.

The meeting is called for the following purposes:

1. To elect four persons who will serve as the Company s Class I directors for a three-year term beginning in 2011;

2. To ratify the selection of KPMG LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2011;

3. To hold a non-binding, advisory vote with respect to the compensation of the Company s Named Executive Officers, as disclosed and discussed in the compensation discussion and analysis, compensation tables and any related material disclosed in this proxy statement;

4. To hold a non-binding, advisory vote regarding the frequency of future advisory votes on the compensation of the Company s Named Executive Officers; and

5. To consider and act upon such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed March 18, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on May 11, 2011:

The Proxy Statement and the 2010 Summary Annual Report to Stockholders are available at www.mohawkind.com.

PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD OR USE INTERNET OR TELEPHONE VOTING SO THAT YOUR SHARES WILL BE REPRESENTED. IF YOU CHOOSE TO ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND PERSONALLY CAST YOUR VOTES.

By Order of the Board of Directors,

BARBARA M. GOETZ
Corporate Secretary

Calhoun, Georgia

April 1, 2011

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MOHAWK INDUSTRIES, INC.
160 South Industrial Boulevard
Calhoun, Georgia 30701

PROXY STATEMENT

This Proxy Statement is furnished by and on behalf of the Board of Directors of Mohawk Industries, Inc. (Mohawk or the Company) in connection with the solicitation of proxies for use at the annual meeting of stockholders of the Company to be held on Wednesday, May 11, 2011, and at any and all adjournments or postponements thereof (the Annual Meeting). This Proxy Statement and the enclosed proxy card will be first mailed on or about April 1, 2011 to the stockholders of record of the Company (the Stockholders) on March 18, 2011 (the Record Date).

Proxies will be voted as specified by Stockholders. Unless contrary instructions are specified, if the enclosed proxy card is executed and returned (and not revoked) prior to the Annual Meeting, the shares of the common stock of the Company (the Common Stock) represented thereby will be voted FOR election of the nominees listed in this Proxy Statement as directors of the Company, FOR ratification of KPMG LLP as the Company s independent registered public accounting firm, FOR the proposal regarding the advisory vote on executive compensation and EVERY YEAR for the proposal regarding the advisory vote on the frequency of future advisory votes on executive compensation. A Stockholder s submission of a signed proxy will not affect his or her right to attend and to vote in person at the Annual Meeting. Stockholders who execute a proxy may revoke it at any time before it is voted by (i) filing a written revocation with the Secretary of the Company, (ii) executing a proxy bearing a later date or (iii) attending and voting in person at the Annual Meeting.

The presence of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting, either in person or by proxy, will constitute a quorum. Shares of Common Stock represented by proxies at the meeting, including broker nonvotes and those that are marked **WITHHOLD AUTHORITY** or **ABSTAIN** will be counted as shares present for purposes of establishing a quorum. A broker nonvote occurs when a broker or nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Once a quorum is established, (i) the election of directors will require the affirmative vote of a plurality of the shares of Common Stock represented and entitled to vote in the election at the Annual Meeting, (ii) the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2011 and the approval of the advisory vote on executive compensation will require the affirmative vote of the holders of a majority of the votes represented and entitled to vote thereon at the Annual Meeting, and (iii) the advisory vote on the frequency of future advisory votes on executive compensation will be determined by the option receiving the greatest number of votes. Neither withholding authority to vote with respect to one or more nominees nor a broker nonvote will have an effect on the outcome of the election of directors. As to Proposals (2) and (3), shares represented by proxies that are marked **ABSTAIN** will have the effect of a vote against the proposal, while a broker nonvote will not have an effect on the outcome of the proposal.

Pursuant to the Company s Restated Certificate of Incorporation, as amended (the Certificate of Incorporation), holders of Common Stock will be entitled to one vote for each share of Common Stock held. Pursuant to the provisions of the Delaware General Corporation Law, March 18, 2011 has been fixed as the Record Date for determination of Stockholders entitled to notice of and to vote at the Annual Meeting, and, accordingly, only holders of Common Stock of record at the close of business on that day will be entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 68,724,581 shares of Common Stock issued and outstanding held by approximately 323 Stockholders.

THE BOARD OF DIRECTORS URGES YOU TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE OR USE INTERNET OR TELEPHONE VOTING.

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Voting Instructions

By Written Proxy. Stockholders can vote by written proxy card. If you are a beneficial owner, you may request a written proxy card or a vote instruction form from your bank or broker.

By Telephone or Internet. Stockholders also can vote by touchtone telephone using the telephone numbers on the proxy card, or through the Internet, using the procedures and instructions described on the proxy card. Beneficial owners may vote by telephone or Internet if their bank or broker makes those methods available, in which case the bank or broker will include the instructions with the proxy materials. The telephone and Internet voting procedures are designed to authenticate Stockholders identities, to allow Stockholders to vote their shares, and to confirm that their instructions have been recorded properly.

PROPOSAL 1 ELECTION OF DIRECTORS

The Company s Certificate of Incorporation provides for the Board of Directors of the Company to consist of three classes of directors serving staggered terms of office. Upon the expiration of the term of office for a class of directors, the nominees for that class will be elected for a term of three years to serve until the election and qualification of their successors.

Currently, Messrs. John S. Fiedler, Jeffrey S. Lorberbaum and Robert N. Pokelwaldt serve as Class I directors, whose terms expire at the Annual Meeting. After 19 years of dedicated service, Mr. Pokelwaldt has informed the Board of Directors of his decision to retire upon the expiration of his term at the Annual Meeting. The Board of Directors has re-nominated Messrs. Fiedler and Lorberbaum for election as Class I directors at the Annual Meeting and has nominated each of Karen A. Smith Bogart and Richard C. Ill for election to serve as new Class I directors. The Class II and Class III directors have one year and two years, respectively, remaining on their terms of office and will not be voted upon at the Annual Meeting.

The Company s Certificate of Incorporation provides that the Company shall have at least two and no more than eleven directors, with the Board of Directors to determine the exact number. In addition, the Certificate of Incorporation divides the Board of Directors into three classes, with each to consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors.

It is the intention of the persons named as proxies to vote the proxies for the election of each of Ms. Bogart and Messrs. Fiedler, Ill and Lorberbaum as a Class I director of the Company, unless the Stockholders direct otherwise in their proxies. Each of Ms. Bogart and Messrs. Fiedler, Ill and Lorberbaum has consented to serve as a director of the Company if elected. In the unanticipated event that any of Ms. Bogart or Messrs. Fiedler, Ill or Lorberbaum refuses or is unable to serve as a director, the persons named as proxies reserve full discretion to vote for such other person or persons as may be nominated. The Board of Directors has no reason to believe that any of Ms. Bogart or Messrs. Fiedler, Ill or Lorberbaum will be unable or will decline to serve as a director.

The affirmative vote of a plurality of the shares represented and entitled to vote in the election at the Annual Meeting at which a quorum is present is required for the election of the nominees.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE FOR THE ELECTION OF THE NOMINEES LISTED BELOW**

Director, Director Nominee and Executive Officer Information

Based on information supplied by them, set forth below is certain information concerning the nominees for election as Class I directors and the directors in Classes II and III whose terms of office will continue after the Annual Meeting, including the name and age of each, current principal occupation (during the last five years unless otherwise indicated), the name and principal business of the organization in which such occupation is carried on, the year each was elected to the Board of Directors of the Company, all positions and offices held during 2010 with the Company, and directorships, including any other directorships held during the past five years, in other publicly-held companies.

Nominees for Director

Class I Nominees for Director

Karen A. Smith Bogart Ms. Bogart (age 53) is President of Pacific Tributes Inc., a start-up firm providing web-based printing services located in Santa Barbara, California. From 2003 to 2006, Ms. Bogart was Chairman and President, Greater Asia Region and Senior Vice President of Eastman Kodak Company,

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located in Shanghai, PRC. She previously managed many of Eastman Kodak s largest global businesses, including Kodak Professional Imaging, Consumer Printing, and Consumer Cameras and Batteries. Ms. Bogart is also a director of Monolithic Power Systems, Inc., a high performance analog semiconductor company.

John F. Fiedler Mr. Fiedler (age 72) has been a director of the Company since March 2002. Mr. Fiedler is the retired Chairman of the board of directors of BorgWarner Inc., a manufacturer of automotive equipment (BorgWarner). He most recently served as Chief Executive Officer of BorgWarner having been named Chairman and Chief Executive Officer in January 1995. Prior to that, Mr. Fiedler served as President and Chief Operating Officer of BorgWarner. Before joining BorgWarner in June 1994, Mr. Fiedler was Executive Vice President of The Goodyear Tire & Rubber Company (Goodyear), where he was responsible for North American Tires. Mr. Fiedler s 29-year career with Goodyear included numerous sales, marketing and manufacturing positions in the United States and Asia. Mr. Fiedler is also a director of WABCO Holdings, Inc., a Belgian truck component manufacturer, Snap-on Inc., a global developer, manufacturer and marketer of tools and equipment solutions for professional tool users, and AirTran Holdings, Inc., a low-cost air travel provider. Mr. Fiedler also formerly served as a director of YRL Worldwide Inc., formerly Yellow Roadway Corp. He is also a member of the Kent State Foundation Commission and on the Advisory Board of Prism Capital, a Mezzanine Fund, L.P.

Richard C. Ill Mr. Ill (age 67) has been the Chairman of Triumph Group, Inc. (Triumph Group), a public, international aviation services company, since 2009 and President and Chief Executive Officer and a director of Triumph Group since 1993. Previously, Mr. Ill held a variety of senior executive positions with Alco Standard Corporation until he founded what is now the Triumph Group. Mr. Ill has over 45 years of public company experience both in management, manufacturing and operations. In addition, Mr. Ill has 14 years of experience as a director of public companies, currently serving as a director of P.F. Glatfelter Company, a global supplier and leading manufacturer of paper and fiber products, and having formerly served as a director of Airgas, Inc., a distributor of industrial, medical, and specialty gases and related equipment, safety supplies and MRO products and services.

Jeffrey S. Lorberbaum Mr. Lorberbaum (age 56) has been a director of the Company since our acquisition of Aladdin Mills Inc., (Aladdin) in March 1994. He has served as Chairman of the Board since May 2004 and as the Company s Chief Executive Officer since January 2001. From January 1995 until January 2001, Mr. Lorberbaum served as President and Chief Operating Officer of the Company. Mr. Lorberbaum joined Aladdin in 1976 and served as Vice President Operations from 1986 until February 1994 when he became President and Chief Executive Officer.

Continuing Directors

Class II Directors Continuing in Office (Terms Expire 2012)

Bruce C. Bruckmann Mr. Bruckmann (age 57) has been a director of the Company since October 1992. Mr. Bruckmann has been a Managing Director of Bruckmann, Rosser, Sherrill & Co., Inc., a private equity investment firm, since January 1995. From March 1994 to January 1995, Mr. Bruckmann served as Managing Director of Citicorp Venture Capital, Ltd. (CVC, Ltd.) and as an executive officer of 399 Venture Partners, Inc. (formerly Citicorp Investments, Inc.). From 1983 until March 1994, Mr. Bruckmann served as Vice President of CVC, Ltd. Mr. Bruckmann is also a director of Town Sports International, Inc., a fitness club operator, MWI Veterinary Products, Inc., a distributor of animal health products to veterinarians, H&E Equipment Services L.L.C., a renter and distributor of industrial and construction equipment, and Heritage Crystal Clean Inc., a provider of parts cleaning services. Mr. Bruckmann also serves as a director for Downtown Locker Room and Il Fornaio (America) Corporation, which are private companies.

Frans G. De Cock Mr. De Cock (age 68) was elected to the Company s Board of Directors in October 2005 effective upon the closing of the Company s acquisition of Unilin Flooring BVBA and its affiliated companies (Unilin) (now one of the Company s principal operating subsidiaries) and was named

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President Unilin in November 2005. Mr. De Cock retired as President Unilin effective January 1, 2009 but has continued to provide consulting services to Unilin since that time. Before joining Mohawk, Mr. De Cock was one of the managing directors of Unilin. From 1997 until 1999, he also served as President of the European Federation of Associations of Particleboard Manufacturers and, from 1999 until 2004, as President of the European Panel Federation.

Joseph A. Onorato Mr. Onorato (age 62) has been a director of the Company since February 2008. From July 1998 until his retirement in September 2000, Mr. Onorato served as Senior Vice President and Chief Financial Officer for the Automotive Aftermarket Group of Dana Corporation, a global leader in the engineering, manufacturing and distribution of components and systems for worldwide vehicular and industrial manufacturers. In July 1998, Dana Corporation merged with Echlin, Inc. (Echlin), a worldwide manufacturer of motor vehicle parts. At the time of the merger, Mr. Onorato was Senior Vice President and Chief Financial Officer for Echlin. While at Echlin, he also served as Treasurer from 1990 to 1994 and as Vice President and Treasurer from 1994 to 1997. He previously worked with PricewaterhouseCoopers. Since his retirement from Dana Corporation, Mr. Onorato has consulted with a private equity firm on acquisitions. Mr. Onorato also serves on the board of directors for Affinia Group Intermediate Holdings, Inc., a motor vehicle components manufacturer, where he is chairman of the Audit Committee. In addition, Mr. Onorato serves as a member of the Advisory Board of the School of Business at Quinnipiac University.

Class III Directors Continuing in Office (Terms Expire 2013)

Phyllis O. Bonanno Ms. Bonanno (age 68) has been a director of the Company since February 2004. From 2002 until her retirement in August 2009, Ms. Bonanno served as the President and Chief Executive Officer of International Trade Solutions, Inc. Ms. Bonanno served as President and Chief Executive Officer of Columbia College from July 1997 until March 2000 and served as the Vice President for International Trade at Warnaco, Inc. from 1986 to 1997. Ms. Bonanno has also served as a personal assistant to President Lyndon Johnson and as the first director of the U.S. Trade Representative s (USTR) Office of Private Sector Liaison in the Executive Office of Presidents Carter and Reagan. In addition, while serving at the USTR, Ms. Bonanno served as the Executive Director of the President s Advisory Committee on Trade Negotiations. Ms. Bonanno is also a director of Adams Express Company, a diversified equity investment company, BorgWarner and Petroleum and Resources Corporation, an equity investment company specializing in energy and natural resources companies.

David L. Kolb Mr. Kolb (age 72) served as President of Mohawk Carpet Corporation (now Mohawk Carpet, LLC and one of the Company s principal operating subsidiaries) until Mohawk Carpet Corporation was acquired by the Company in December 1988, at which time he became Chairman of the Board of Directors and Chief Executive Officer of the Company. Effective January 2001, Mr. Kolb retired from his position as Chief Executive Officer. He retired as Chairman in May 2004. Prior to joining Mohawk Carpet Corporation, Mr. Kolb served in various executive positions with Allied-Signal Corporation for 19 years. Mr. Kolb is also a director of Aaron s, Inc., a home furnishings retailer, and Chromcraft Revington, Inc., a furniture manufacturer. Mr. Kolb also formerly served as a director of Paxar Corp., a provider of identification solutions. In addition, Mr. Kolb is a trustee of Mount Vernon Presbyterian School.

W. Christopher Wellborn Mr. Wellborn (age 55) has been a director of the Company since our acquisition of Dal-Tile International Inc. (Dal-Tile) in March 2002. He has served as the Company s Chief Operating Officer since November 2005 and as its President and Chief Operating Officer since November 2009. Mr. Wellborn was Executive Vice President, Chief Financial Officer and Assistant Secretary of Dal-Tile from August 1997 through March 2002. From March 2002 to November 2005, he served as President Dal-Tile. From June 1993 to August 1997, Mr. Wellborn was Senior Vice President and Chief Financial Officer of Lenox, Inc. Mr. Wellborn formerly served as a director of Palm Harbor Homes, Inc., a builder of manufactured and modular custom homes.

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In connection with the merger of Aladdin with a wholly-owned subsidiary of the Company in February 1994 (the Aladdin Merger), the Company agreed to nominate up to two persons designated by the former shareholders of Aladdin for election or re-election, as the case may be, to the Board of Directors of the Company and to use its best efforts to cause such nominees to be elected to the Board of Directors. Beginning in 1999, Messrs. Jeffrey S. Lorberbaum and Sylvester H. Sharpe were such designees. Effective May 17, 2006, Mr. Sharpe retired from the Board of Directors. At this time, the holders have decided not to designate anyone to fill the vacancy created by Mr. Sharpe s retirement. At such time as the former shareholders of Aladdin have disposed of 50% or more of the Common Stock issued to them in the Aladdin Merger, the Company will be required to nominate only one such person to the Board of Directors, and at such time as the former shareholders of Aladdin have disposed of 75% or more of the Common Stock issued to them in the Aladdin Merger, the Company will no longer be required to nominate any of such persons to the Board of Directors.

In connection with the acquisition of Unilin by the Company in October 2005, the Company agreed to appoint to its Board of Directors a representative designated by Unilin, and Mr. Frans G. De Cock was initially appointed to the Board of Directors as a result.

Executive Officers

The executive officers of the Company serve at the discretion of the Board of Directors and are currently comprised of Messrs. Jeffrey S. Lorberbaum and W. Christopher Wellborn (who are identified above), Frank H. Boykin, James F. Brunk, James T. Lucke, Frank T. Peters, Bernard P. Thiers and Harold G. Turk.

Frank H. Boykin Mr. Boykin (age 55) was named Vice President Finance and Chief Financial Officer of the Company in January 2005. In August 2004, Mr. Boykin was appointed Vice President Finance. He previously served as Corporate Controller of the Company from April 1993 until May 1999, when he was appointed Vice President, Corporate Controller. Before joining the Company, Mr. Boykin served as a Senior Manager at KPMG LLP.

James F. Brunk Mr. Brunk (age 45) has been Corporate Controller, Chief Accounting Officer of the Company since May 2009. Mr. Brunk joined the Company in October 2006 as Chief Financial Officer for the Mohawk Home division. Prior to joining the Company, Mr. Brunk was Vice President, Finance-Transportation-Americas for Exide Technologies, a worldwide leader in production and recycling of lead acid batteries from January 2005 to October 2006.

James T. Lucke Mr. Lucke (age 50) joined Mohawk in May 2007 and serves as the Company s Vice President General Counsel. Mr. Lucke served as Senior Vice President, Secretary and General Counsel of Spectrum Brands, Inc., a diversified consumer products company, from October 1999 until joining the Company.

Frank T. Peters Mr. Peters (age 62) was named President Mohawk Flooring in May 2008. He served as Vice President of Carpet and Yarn Manufacturing for the Mohawk Residential Flooring business unit beginning in 2005. Upon joining the Company in 1993, he served as Vice President of Product Development. Prior to joining the Company, Mr. Peters served in manufacturing and product development leadership roles with Armstrong World Industries and Shaw Industries for more than two decades.

Bernard P. Thiers Mr. Thiers (age 55) was promoted to President Unilin in January 2009, succeeding Mr. De Cock in this position. Mr. Thiers joined Unilin in 1984 as a plant manager and has served in roles of increasing management significance since that time. From 1996 to 2006, he served as Managing Director of Unilin Flooring and from 2006 until his 2009 promotion, he served as President Unilin Flooring.

Harold G. Turk Mr. Turk (age 64) was named President Dal-Tile in January 2006. From March 2002 through December 2005, he served as Executive Vice President of the Dal-Tile Strategic Business Unit of Dal-Tile. Mr. Turk joined Dal-Tile in 1976.

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Meetings and Committees of the Board of Directors

General. During fiscal 2010, the Board of Directors held seven meetings. All members of the Board of Directors attended at least 75% of the total number of Board of Directors and Committee meetings that they were eligible to attend. All members of the Board of Directors at the time of the 2010 annual stockholders meeting were present at such meeting, except for Mr. Larry McCurdy, who passed away in August 2010 after 18 years of dedicated service on our Board of Directors.

The Board of Directors has affirmatively determined, considering generally all relevant facts and circumstances regarding each non-management director, that none of Ms. Bogart, Ms. Bonanno, Mr. Bruckmann, Mr. Fiedler, Mr. Ill, Mr. Kolb or Mr. Onorato have a material relationship that would interfere with such director s exercise of independent judgment in carrying out the responsibilities of a director, and therefore they are independent within the meaning of the standards for independence set forth in the Company s corporate governance guidelines, which are consistent with applicable Securities and Exchange Commission (SEC) rules and New York Stock Exchange (NYSE) corporate governance standards. Definitions of independence for directors and committee members can be found on the Company s website at www.mohawkind.com under the heading Corporate Governance.

The Company has a standing Audit Committee (the Audit Committee) of the Board of Directors established in accordance with the Securities Exchange Act of 1934, as amended (the Exchange Act). During 2010, the Audit Committee was comprised of four directors: Mr. McCurdy (Chairman), Mr. Bruckmann, Mr. Onorato and Mr. Pokelwaldt. Following Mr. McCurdy s death, Mr. Onorato was appointed chairman of the Audit Committee. All such Audit Committee members have been determined by the Board of Directors to be independent as discussed above. During his tenure as Chairman, Mr. McCurdy qualified as the audit committee financial expert within the meaning of applicable SEC regulations and had all the requisite accounting and financial expertise within the meaning of the listing standards of the NYSE. Upon his appointment as Chairman, the Board of Directors determined that Mr. Onorato is qualified as the audit committee financial expert and has the requisite accounting and financial expertise. The Audit Committee met seven times during 2010. The Audit Committee oversees management s conduct of the financial reporting process, the system of internal, financial and administrative controls and the annual independent audit of the Company s consolidated financial statements. In addition, the Audit Committee engages the independent registered public accounting firm, reviews the independence of such independent registered public accounting firm, approves the scope of the annual activities of the independent registered public accounting firm and internal auditors and reviews audit results. The Board of Directors has adopted a written charter for the Audit Committee, which is available on the Company s website at www.mohawkind.com under the heading Corporate Governance. See also *Audit Committee Report of the Audit Committee of the Board of Directors of Mohawk Industries, Inc.*

The Company has a standing Compensation Committee (the Compensation Committee), consisting of Mr. Fiedler (Chairman), Mr. Bruckmann and Mr. Pokelwaldt. The Compensation Committee met twice during 2010. The Compensation Committee is responsible for deciding, recommending and reviewing the compensation, including benefits, of the executive officers and directors of the Company, for reviewing risks associated with the Company s compensation policies and practices and for administering the Company s executive and senior management incentive compensation plans. The Board of Directors has adopted a written charter for the Compensation Committee, which is available on the Company s website at www.mohawkind.com under the heading Corporate Governance. See also *Executive Compensation and Other Information Compensation Committee Report.*

The Company has a standing Nominating and Corporate Governance Committee (the Governance Committee), consisting of Mr. Kolb (Chairman), Ms. Bonanno and Mr. Onorato. The Governance Committee met three times in 2010. The Governance Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities under the NYSE listing standards and Delaware law, identifying qualified candidates for nomination to the Board of Directors and developing and evaluating the Company s corporate governance policies. The Governance Committee also considers nominees to the Board of Directors recommended by stockholders in accordance with the requirements of the Company s Bylaws. See also

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Corporate Governance Nomination Process for the Board of Directors. The Board of Directors has adopted a written charter for the Governance Committee and Corporate Governance Guidelines recommended by the Governance Committee, both of which are available on the Company s website at www.mohawkind.com under the heading Corporate Governance.

Executive Sessions with Non-Management Directors. All directors who are not members of the Company s management team meet without the Chief Executive Officer and other Company personnel as needed during a portion of each non-telephonic Board of Directors meeting. The Chairmen of the Company s standing committees chair these executive sessions on a rotating basis.

2010 DIRECTOR COMPENSATION

The following table presents certain summary information concerning director compensation paid by the Company for services rendered during the fiscal year ended December 31, 2010.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plans Compensation ($)	Nonqualified Deferred Compensation Earnings	All Other Compensation ($)(3)	Total ($)
Phyllis O. Bonanno	62,000	48,310					110,310
Bruce C. Bruckmann	66,000	48,310					114,310
Frans G. De Cock			98,651			586,144	684,795
John F. Fiedler	62,478	48,310					110,788
David L. Kolb	64,478	48,310					112,788
Larry W. McCurdy	60,007	48,310					108,317
Joseph A. Onorato	71,992	48,310					120,302
Robert N. Pokelwaldt	59,995	48,310					108,305

(1) Includes fees earned for attending meetings and payment of annual retainer. Mr. Fiedler, Mr. Kolb, Mr. McCurdy, Mr. Onorato and Mr. Pokelwaldt elected to take the 2010 retainer of $32,478, $32,478, $35,007, $34,992 and $29,995, respectively, in lieu of cash, in the form of Common Stock of 654, 654, 705, 698 and 604 shares, respectively, pursuant to the Company s 1997 Non-Employee Director Stock Plan. Cash representing fractional shares is carried forward to the following year. For 2010, Mr. Kolb elected to receive his retainer in the form of phantom stock.

(2) The amounts reported in the Stock and Option Awards columns reflect the grant date fair value calculated in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 718, *Compensation-Stock Compensation* (ASC 718). The assumptions used in determining the grant date fair values of these awards are set forth in the notes to the Company s consolidated financial statements, which are included in our annual Report on Form 10-K for the year ended December 31, 2010.

(3) Pursuant to Mr. De Cock s Service Agreement, as described further in *Certain Relationships and Related Transactions,* Mr. De Cock received an annual salary and retainer of $330,488 (Euro 248,730) and an annual

bonus of $255,656 (Euro 192,410).

Employees of the Company or its subsidiaries who are also directors do not receive any fee or remuneration for services as members of the Board of Directors or any Committee of the Board of Directors. Mr. De Cock also does not receive any fees or remuneration for his services as a member of the Board of

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Directors, but he receives compensation for consulting services as described further in *Certain Relationships and Related Transactions*. The Company pays each independent director an annual retainer of $30,000 and a fee of $4,000 for each Board meeting and $1,000 for each Committee meeting attended. The Compensation Committee and Governance Committee Chairmen receive an additional annual retainer of $2,500 each, and the Audit Committee Chairman also receives an additional annual retainer of $5,000. Each independent director also receives a grant of 1,000 restricted stock units on the first business day of each year provided such director is serving on the Board of Directors on such date. The Company reimburses all directors for expenses the directors incur in connection with attendance at meetings of the Board of Directors or Committees.

In December 1996, the Board of Directors adopted the Mohawk Industries, Inc. 1997 Non-Employee Director Stock Compensation Plan (the Director Stock Compensation Plan) to promote the long-term growth of the Company by providing a vehicle for its non-employee directors to increase their proprietary interest in the Company and to attract and retain highly qualified and capable non-employee directors. Under the Director Stock Compensation Plan, non-employee directors may elect to receive their annual cash retainer fees either in cash or in shares of Common Stock of the Company, based on the fair market value of the Common Stock at the beginning of each quarter. Meeting fees for non-employee directors are only paid in cash. The maximum number of shares of Common Stock which may be granted under the plan is 37,500 shares, which shares may not be original issue shares. In 1997, the Director Stock Compensation Plan was amended by the Board of Directors to include an optional income deferral feature using a book entry, stock valued (phantom stock) account that would fluctuate in value based on the performance of the Common Stock of the Company over the deferral period. The Board of Directors may suspend or terminate the Director Stock Compensation Plan at any time.

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AUDIT COMMITTEE

Report of the Audit Committee of the Board of Directors of Mohawk Industries, Inc.

The Audit Committee members reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2010 with management. The Audit Committee members also discussed the matters required to be discussed by Statement of Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, with the Company s independent registered public accounting firm. The Audit Committee received the written disclosure letter from the independent registered public accounting firm, which letter is required by applicable requirements of the Public Company Accounting Oversight Board regarding the Company s independent registered public accounting firm s communications with the Audit Committee concerning independence, discussed with the independent registered public accounting firm any relationships that may impact the objectivity and independence of the independent registered public accounting firm and satisfied itself as to the independence of the independent registered public accounting firm. In addition, the members of the Audit Committee considered whether the provision of services for the year ended December 31, 2010 described below under *Principal Accountant Fees and Services* was compatible with maintaining such independence. Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission.

Audit Committee
Joseph A. Onorato-Chairman
Bruce C. Bruckmann
Robert N. Pokelwaldt

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Principal Accountant Fees and Services

The following table shows the fees rendered (in thousands) to the Company s principal independent registered public accounting firm for the audit of the Company s annual consolidated financial statements for fiscal 2010 and 2009, respectively, and fees billed for non-audit related services, tax services and all other services performed by the Company s independent registered public accounting firm during fiscal 2010 and 2009, respectively.

	2010	2009
Audit Fees(a)	$ 3,756	$ 4,108
Audit-Related Fees(b)	81	140
Tax Fees(c)		6
All Other Fees		
	$ 3,837	$ 4,254

(a) Audit services consist principally of the audit and quarterly reviews of the consolidated financial statements, the audit of internal control over financial reporting, and fees for accounting consultations on matters reflected in the consolidated financial statements. Audit fees also include fees for other attest services required by statute or regulation (foreign or domestic), such as statutory audits in U.S. and non-U.S. locations.

(b) Audit-related services consist principally of audits of financial statements of employee benefit plans and professional services related to consultation with management on the accounting for various matters.

(c) Tax fees consist principally of professional services rendered for tax compliance and tax consulting.

The Audit Committee pre-approved all audit and audit-related services in fiscal 2010 and 2009. The Audit Committee has delegated to the Chairman of the Audit Committee the authority to pre-approve audit and audit-related, tax and non-audit related services to be performed by the Company s independent registered public accounting firm.

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PROPOSAL 2 RATIFICATION OF SELECTION OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected KPMG LLP (KPMG) as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2011 and has directed that management submit the selection of the independent registered public accounting firm to Stockholders for ratification at the Annual Meeting. Representatives of KPMG are expected to be present at the meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of KPMG as the Company s independent registered public accounting firm is not required by the Company s Bylaws or otherwise. If the Stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain KPMG, but still may retain it. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it is determined that such a change would be in the best interests of the Company and its stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

COMPENSATION DISCUSSION AND ANALYSIS

General Overview

Our goal is to have a compensation program that enables us to attract, motivate and retain highly-qualified executives who will assist us in meeting our long-range objectives, thereby serving the interests of our stockholders. We design our compensation program with a view to attracting and retaining executive leadership of a caliber and level of experience necessary to manage successfully our complex global businesses. We believe that, in order to do this effectively, our program must meet the following criteria:

- create a strong link between the executive s compensation and our annual and long-term financial performance;
- use performance-based incentive compensation to place elements of our executives compensation at risk;
- closely align our executives interests with those of our stockholders by making stock-based incentives an element of our executives compensation; and
- provide our executives with total compensation opportunities at levels that are competitive for comparable positions at companies with whom we compete for talent.

How we Determine and Assess our Executive Compensation

Our Board of Directors bears the ultimate responsibility for approving the compensation of our Named Executive Officers. The Compensation Committee of our Board of Directors (the Compensation Committee) has been delegated authority to discharge these responsibilities. Information about the Compensation Committee and its composition, responsibilities and operations can be found in this proxy statement, under the caption *Meetings and Committees of the Board of Directors*.

Our determinations and assessments of executive compensation are primarily driven by two considerations: market data based on the compensation levels, programs and practices of certain other companies for comparable executive positions; and Company and individual performance in specified areas, such as financial metrics and operational efficiency.

Market Data

We consider the compensation levels, programs and practices of certain other companies to assist us in setting our executive compensation so that it is market competitive. The peer group consists of companies of comparable size on both a revenue and market capitalization basis that are engaged, to varying degrees, in businesses similar to ours. We believe that we compete, to varying degrees, for business and talent with the companies in this peer group. For purposes of setting compensation levels for 2010, the peer group was comprised of the following companies:

American Standard Companies, Inc.	Owens Corning
Ball Corporation	PPG Industries, Inc.
The Black & Decker Corporation	The Sherwin-Williams Company
Fortune Brands, Inc.	Temple-Inland Inc.
Masco Corporation	USG Corporation
MeadWestvaco Corporation	Whirlpool Corporation

Newell Rubbermaid Inc.

We obtained information on the compensation levels, programs and practices of the companies within the peer group from market surveys periodically conducted by Mercer, Inc. (Mercer), a compensation consultant engaged by the Compensation Committee. The Compensation Committee evaluates compensation levels for our Named Executive Officers based upon a comparison to the market median values.

Company and Individual Performance

While market competitiveness is important, we also use other measurements to determine our compensation levels. To customize our compensation program and recognize individual performance and contribution to the Company, we focus on (i) financial metrics that we believe are indicators of whether the Company and its business units are achieving our annual or longer-term business objectives, such as earnings per share and earnings after capital charge and (ii) personal performance goals.

We believe that market competitiveness and performance factors, considered in conjunction, provide a reasonable basis to assess executive performance and build value for our stockholders. As described below, we consider each of these areas in making our executive compensation decisions from setting base salaries to providing annual and longer-term rewards.

2010 Review of Compensation

For 2010, the Compensation Committee used the results of the Mercer survey of 2007 peer group executive compensation and adjusted the results by a rate of 3% to estimate 2008 peer group compensation and an additional 2.5% to estimate 2009 peer group compensation as a factor in determining 2010 compensation for our Named Executive Officers. The peer group assessment for 2010 compensation did not include an assessment of the compensation for Mr. Thiers who is compensated according to his services agreement referenced in *Certain Relationships and Related Transactions*. For 2010, the Compensation Committee analyzed the results of the adjusted Mercer survey in terms of each of the following:

- base salary;
- annual bonus;
- total cash compensation, which includes base salary and annual bonus;
- total long-term incentive compensation; and
- total direct compensation, which includes base salary, annual bonus and long-term incentive compensation.

This assessment showed that our 2010 Named Executive Officers included in this survey (other than our chief executive officer) received, on average, for 2009 (i) base salaries approximately at the median, (ii) total cash compensation at approximately 72% of the median, (iii) long-term incentive compensation at 17% of the median and (iv) total direct compensation at approximately 56% of the median. These averages were lowered as a result of the compensation for our chief executive officer who received a base salary at 84% of the median, total cash compensation at 47% of the median, long-term incentive compensation at 7% of the median and total direct compensation at 21% of the median.

The Compensation Committee reviewed this assessment at its February 2010 meeting, together with Mr. Lorberbaum s recommendations for compensation for the Named Executive Officers other than himself. At this meeting, the Compensation Committee reviewed a tally sheet detailing the various elements of compensation of our Named

Executive Officers for 2010, including base salary and annual and long-term incentives. The Compensation Committee believes that all of these elements in the aggregate provide a reasonable and market competitive compensation opportunity for our Named Executive Officers and that each

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element contributes to our compensation objectives discussed above. Mr. Lorberbaum recommended and the Compensation Committee approved a base salary increase of approximately 5% for Mr. Peters in order to move his compensation closer to the market median. Given economic conditions and Company performance in 2009 and a review of marketplace comparables, the other Named Executive Officers base salaries for 2010 were not increased.

We have assessed the compensation policies and practices for our employees and concluded that they do not create risks that are reasonably likely to have a material adverse effect on the Company. The Company s compensation policies and practices were evaluated to ensure t