MOHAWK INDUSTRIES, INC.

Insider Trading Policy

The following explains certain federal securities laws issues relating to the purchase and sale of securities of Mohawk Industries, Inc. (the "Company") and other compliance matters. In light of the importance of preserving the Company's reputation for maintaining the highest legal and ethical standards, as well as the detrimental impact to you of any failures to comply with applicable law, it is imperative that all employees, officers and directors fully understand their responsibilities for complying with the relevant federal securities laws. Individuals that violate these laws are subject to sanctions and penalties—including prison terms—as well as Company disciplinary action.

A. Insider Trading Restrictions—All Employees, Officers and Directors

In the course of their employment with the Company or its subsidiaries, directors, officers and employees frequently come into possession of confidential and highly sensitive information concerning the Company, its customers, or other corporations with which the Company has contractual relationships or may be negotiating transactions. Some of this information has a potential for affecting the market price of securities issued by the companies involved. Under some circumstances, federal securities laws impose onerous civil and criminal penalties on persons who improperly obtain or use *material, non-public information*, in connection with a purchase or sale of securities.

1) Explanation of the Law

The federal securities laws and regulations prohibit the purchase or sale of a security at a time when the person trading in that security possesses *material non-public information* concerning the company that issued the security, which has been obtained or is being used in breach of a duty to maintain the information in confidence. Communication of non-public information to a third party, under circumstances where improper trading can be anticipated, is also prohibited.

"Material non-public information" includes information that is not available to the public at large which could affect the market price of the security and to which a reasonable investor would attach importance in deciding whether to buy, sell, or retain the security. Common examples of information that will frequently be regarded as material are: news of a pending or proposed merger or acquisition, or a tender offer or exchange offer; news of a significant sale of assets or the disposition of a subsidiary; projections of future earnings or losses; changes in management; impending bankruptcy or financial liquidity problems; changes in dividend policies or the declaration of a stock split or the offering of additional securities; significant cybersecurity breaches; significant new products or discoveries; or the gain or loss of a substantial customer or supplier. Material information may be positive or negative.

Information is considered to be available to the public only when it has been released to the public through appropriate channels (*e.g.*, by means of a press release or a statement from one of the corporation's senior officers) and enough time has elapsed to permit the investment market to absorb and evaluate the information. The fact that information has been disclosed to a few members of the public (*e.g.*, select group of analysts, brokers, or institutional investors) does not make it public for insider trading purposes. Once information has been released publicly, information will normally be regarded as absorbed and evaluated on the second trading day following disclosure.

2) <u>Company Policy</u>

As long as an officer, director or employee has material non-public information relating to the Company or any other corporation, including any of the Company's customers, it is Company policy that the officer, director or employee may not buy or sell the securities of that corporation.

Any person who purchases or sells shares of Company common stock while in possession of material non-public information about the Company or shares such information with others is liable to suit and the payment of damages to investors who incur losses by trading before public dissemination of that information. In addition to this exposure to payment of damages to members of the investing public, trading based on material non-public information is a criminal act for which the Securities and Exchange Commission (the "SEC") may obtain repayment of profits, recover civil fines in an amount three times greater than the insider's profits or avoided losses, and obtain criminal sanctions including fines up to $1,000,000 and prison sentences of up to ten years.

To avoid potential liability, under the Company's policy, all officers, directors and employees of the Company must not purchase or sell securities of the Company or of any other issuer of a security at a time when the officer, director or employee is aware of any material non-public information about the issuer, regardless of how that information was obtained. In addition, the officer, director or employee also must not disclose such information to others. If disclosed, *no one* receiving such information, especially any member of the insider's immediate family or anyone acting on his or her behalf, can lawfully purchase or sell such securities. A person who discloses such information to, or tips, others may also be subject to the same penalties and sanctions as those who purchase or sell securities of the Company.

After the information has been publicly disclosed through appropriate channels, a reasonable time, at least one trading day, should be allowed to elapse before trading in the security to allow for public dissemination and evaluation of the information.

3) <u>Disclosure of Material Non-Public Information</u>

In addition to the foregoing restrictions on trading, it is important to remember that material non-public information may not be shared with anyone outside of the Company. In fact, material non-public information should only be disclosed to fellow employees who have a need to know the information for operational reasons.

B. <u>Reporting Beneficial Ownership; Short-Swing Profits; and Short Sales—Directors and Officers Only</u>

Section 16 of the Securities Exchange Act of 1934 ("1934 Act") generally requires officers, directors and greater than ten-percent stockholders of public corporations to file certain reports with the SEC, securities exchanges and their respective corporations disclosing ownership of, and transactions in, the Company's securities. Moreover, in certain instances, Section 16 requires disgorgement to the corporation of "short-swing" profits from transactions in these securities.

To ensure compliance with Section 16's requirements, the Company requires that each officer and director confer with the Company's General Counsel before purchasing, selling, gifting or otherwise transacting in any Company securities (including options or derivative securities).

Moreover, the SEC has revised its rules under Section 16 to require that companies disclose, in proxy materials and Form 10-K, the names of officers, directors and greater than ten-percent shareholders who have failed to file required reports on a timely basis. To avoid the need to make such potentially embarrassing and costly disclosures, it is particularly important that directors and officers understand and comply with the SEC's requirements.

1) <u>Filing Reports</u>

A person who becomes an officer or director of the Company must file a Form 3 (Initial Statement of Beneficial Ownership of Securities) within ten (10) days after becoming an officer or director. (Such persons must file a Form 3 even if they own *no* securities of the Company.) A person who becomes an owner, directly or indirectly, of more than ten (10) percent of the Company's outstanding common stock also must file a Form 3 within ten (10) days after acquiring such an amount of stock.

Following the initial Form 3 filing, any change in the filing person's beneficial ownership of the Company securities must be reported on Form 4 (Statement of Changes in Beneficial Ownership of Securities). The Form 4 must be filed on or before the end of the second (2nd) business day following any such change. *Please note the discussion of "beneficial ownership" and "pecuniary interest" further below.* Directors and officers should be alert to a potential trap: they will still be required to file a Form 4 for transactions *after* they cease to be a director or officer of the Company if the transactions occur within 6 months of their last transaction while a director or officer.

Finally, within 45 days after the end of the Company's fiscal year, every person subject to Section 16 reporting is required to report transactions for the previous year that were not captured on a Form 4, including certain transactions that were exempt from Form 4 reporting. No Form 5 is required if there were no reportable transactions in the applicable year or if all reportable transactions were recorded on a timely filed Form 4. In those cases where no Form 5 is required, the Company requests that officers and directors notify the Company of this fact in writing, using the form of notification provided by the Company.

For purposes of these reports, the SEC rules generally define “officer” to include the president, principal financial officer, controller or principal accounting officer, and those officers in charge of a principal business unit, division or function of the Company and others who perform significant policy-making functions for the Company. In addition, under certain circumstances officers of the Company's subsidiaries could be required to file reports if they perform significant policy-making functions for the Company. In many cases, officers for purposes of Section 16 reporting are the same persons designated as “executive officers” in the Company's proxy statements and other periodic reports. Unless you have been designated an executive officer for purposes of the Company's proxy statement or Form 10-K, you are probably not an “officer” subject to Section 16's reporting requirements.

In addition, Section 16(a) of the 1934 Act speaks in terms of “beneficial ownership” rather than legal or record ownership. The SEC's rules essentially include two beneficial ownership concepts. The first, used in determining who is a greater than ten-percent shareholder required to file Section 16 reports, focuses on a person's voting or investment power over securities as a major factor in determining beneficial ownership. As a practical matter, if a person has sole or shared voting or investment power over securities, that will usually be sufficient to find that those securities are beneficially owned for purposes of Section 16.

The Section 16 rules also expand the reporting obligations of certain trusts and their trustees, beneficiaries and settlors. Generally speaking, trusts holding more than ten percent of a class of registered equity securities are subject to Section 16. In addition, a trust will *also* be subject to Section 16 if the trustee is an “insider” otherwise subject to Section 16 and (i) the insider trustee exercises or shares investment control over the Company's securities held by the trust, and (ii) either the trustee <u>or</u> a member of the trustee's immediate family has a pecuniary interest in the Company's securities held by the trust. Each officer, director and ten-percent beneficial owner who is a trustee of a trust holding any amount of any equity securities of the Company, whether registered or not, must (i) examine the trust to determine if the aforementioned conditions are met, and (ii) contact the General Counsel's office as quickly as possible to ensure compliance with the new reporting obligations.

Once a person is required to file Section 16 reports, the SEC uses a second beneficial ownership concept, based on a person's direct or indirect "pecuniary interest" in securities, to determine which holdings and transactions need to be reported and are subject to potential profit disgorgement. Essentially, this second test is predicated on an insider's ability to *profit* from purchases or sales of securities. In determining the existence of a pecuniary interest, there is a rebuttable presumption that a person has a pecuniary interest in securities held by members or his or her immediate family if they share the same household. A person may also be held to be the beneficial owner of securities registered in the name of a partnership, corporation, trust or other entity over which he or she has a controlling influence. Finally, special rules exist for fiduciaries and beneficiaries of trusts and partners of partnerships.

Given the difficulty of applying Section 16's "beneficial ownership" concepts, the office of the General Counsel is prepared to assist officers, directors and other filing persons in making such determinations. Although the ultimate responsibility to file Forms 3, 4 and 5 rests with the officer, director or greater than ten-percent shareholder, the legal department of the Company will furnish these forms, assist in their preparation and file them, if so desired by the filing person.

2) Disgorgement of Profits Under Section 16(b)

Supplementing the reporting requirements of Section 16(a) is the so-called short-swing trading provision contained in Section 16(b) of the 1934 Act. This section provides that any profit realized by an officer, director or more than ten-percent shareholder from any purchase and sale, or sale and purchase, of any equity security of the Company within any period of less than six months shall inure to and be recoverable by the Company. Unlike many other provisions in the federal securities laws, intent to take unfair advantage of non-public information is *not* required for recovery under Section 16(b). In other words, transactions in the Company's securities within six months of one another are subject to disgorgement of profits *irrespective* of the reasons for or purposes of the transaction.

It is irrelevant for Section 16(b) purposes whether the purchase or the sale comes first. Furthermore, the lowest purchase price will be matched with the highest sale price. Thus, although the officer or director may have realized an economic loss, he may be treated for Section 16(b) purposes as having realized a "profit."

Potential profit disgorgement also may attach to transactions in "derivative" securities. For example, the purchase of a call option on the Company's stock and a sale of either the option or shares of the Company's stock within six months would be subject to potential disgorgement under Section 16(b).

3) <u>Prohibition of Short-Sales and Other Transactions</u>

Section 16(c) of the 1934 Act prohibits any "short sale" or "short sale against the box" of Company securities by any officers, directors or greater than ten-percent shareholders. A short sale is the sale of a security not owned by the seller. A "short sale against the box" is a short sale of a security actually owned by the seller but held in safekeeping. At some point in the future, the short seller must purchase or deliver the applicable securities to cover the short position. The short seller is betting that the price of the security will decline from present levels. **Since short sales can adversely and artificially affect the price of securities, the Company's policy is that none of its officers or directors should ever make a short sale of the Company's securities.**

In addition, it is the Company's policy that officers, directors and employees should not engage in buying or selling put options or call options on stock of the Company.

C. <u>Limitations on Sales by Affiliates—Directors and Executive Officers Only</u>

Under the Securities Act of 1933 ("1933 Act"), an "affiliate" of the Company (*i.e.*, all directors and almost all executive officers) may not sell securities of the Company unless such sale is covered by a 1933 Act registration statement or such sale is made pursuant to an exemption from the registration requirement. The usual exemption relied on by affiliates is Rule 144 under the 1933 Act which, among other conditions noted below, generally requires that sales of the securities be made through transactions with broker-dealers. It is important that the broker-dealer through whom or to whom an affiliate is selling his securities be informed before the proposed sale that the securities are being sold pursuant to Rule 144.

Rule 144 essentially restricts an affiliate of the Company from selling during any three-month period an amount of the Company's securities more than the greater of:

(a) one percent of the outstanding securities of that particular class of securities; or

(b) the weekly trading volume of that class of securities during the four calendar weeks preceding the filing of a Form 144, if required, or the date a broker is directed to execute the transaction.

In addition, a six month holding period may apply to certain shares, including acquired through an unregistered private offering. If the sale involves over 5000 shares or other units or a sales price exceeding $50,000, a Form 144 must be filed, at the time the sale order is placed or executed, with the SEC. The Company's General Counsel is available to advise and provide assistance in connection with such transactions.

VIOLATION OF THE POLICIES DESCRIBED ABOVE WILL RESULT IN SERIOUS DISCIPLINARY ACTION, INCLUDING POSSIBLE DISMISSAL. IF YOU HAVE ANY QUESTIONS ABOUT THESE POLICIES OR WHETHER YOU MAY BUY OR SELL COMPANY COMMON STOCK AT A PARTICULAR TIME, PLEASE CONTACT DAVE PATTON OR FRANK BOYKIN BEFORE YOU TAKE ANY ACTION WHICH MAY BE PROHIBITED OR REGRETTABLE.

As noted above with respect to the 1933 Act and Section 16 and other 1934 Act compliance, the office of the General Counsel is available to advise and provide assistance. Any person who has a question concerning the propriety of a proposed transaction, or who has a question about the policy generally, is encouraged to contact the General Counsel's office.