MOHAWK INDUSTRIES INC
Form DEF 14A
April 04, 2014

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 ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ 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.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

To the Stockholders of Mohawk Industries, Inc.:

You are cordially invited to attend the annual meeting of stockholders to be held on Thursday, May 15, 2014, at 10:00 a.m. local time, at the Company s offices at 160 South Industrial Boulevard, Calhoun, Georgia 30701.

The business of the meeting will be (i) to elect a class of directors to serve a three-year term beginning in 2014, (ii) to vote upon a non-binding resolution related to the ratification of the selection of KPMG LLP as the Company s independent registered public accounting firm, and (iii) to vote upon a non-binding, advisory resolution to approve executive compensation. There will not otherwise be a business review at the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow the Company to furnish proxy materials to stockholders on the Internet. These rules allow us to provide our stockholders with the information they need, while reducing the environmental impact of our Annual Meeting and lowering costs. Unless you previously requested a paper copy of our proxy materials, you will receive a Notice Regarding the Availability of Proxy Materials, which tells you how to access the materials on the Internet.

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

Sincerely yours,

JEFFREY S. LORBERBAUM

Chairman and Chief Executive Officer

Calhoun, Georgia

March 28, 2014

MOHAWK INDUSTRIES, INC.

160 South Industrial Boulevard

Calhoun, Georgia 30701

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 15, 2014

The annual meeting of stockholders of Mohawk Industries, Inc. (the Company) will be held on Thursday, May 15, 2014, at 10:00 a.m. local time, at the Company s offices at 160 South Industrial Boulevard, Calhoun, Georgia 30701.

The meeting is called for the following purposes:

1. To elect three persons who will serve as the Company s Class I directors for a three-year term beginning in 2014;

2. To ratify the selection of KPMG LLP as the Company s independent registered public accounting firm for the year ending December 31, 2014;

3. To hold a non-binding, advisory vote to approve 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; and

4. 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 17, 2014 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 15, 2014:

The Proxy Statement and the 2013 Annual Report to Stockholders are available

at www.proxyvote.com as well as the Company s website www.mohawkind.com.

PLEASE USE INTERNET OR TELEPHONE VOTING OR COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD 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,

R. DAVID PATTON

Vice President-Business Strategy, General Counsel

and Secretary

Calhoun, Georgia

March 28, 2014

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 Thursday, May 15, 2014, and at any and all adjournments or postponements thereof (the Annual Meeting).

We have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders of record (Stockholders) and beneficial owners. All Stockholders and beneficial owners may access the proxy materials at www.proxyvote.com as well as the Company s website www.mohawkind.com. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice.

The Notice will be made available to Stockholders on or about April 4, 2014. You must be a Stockholder as of March 17, 2014 (the Record Date) to be entitled to vote.

Proxies will be voted as specified by the Stockholders. Unless contrary instructions are specified, if the enclosed proxy card is executed and returned (and not revoked) before 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, and FOR the proposal regarding the advisory vote on the approval of the Company s 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 and (ii) the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2014 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. 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.

Stockholders are entitled to one vote for each share of Common Stock held. March 17, 2014 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 are entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 72,824,313 shares of Common Stock issued and outstanding held by approximately 289 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.

Voting Instructions

By Internet. Stockholders of record may vote by Internet on the website identified on the proxy card or the Notice. Where requested, enter the 12 digit control number located on your proxy card or Notice, and follow the simple instructions for voting. Internet voting is available 24 hours a day, 7 days a week.

By Telephone. Stockholders of record may vote by touchtone telephone using the telephone numbers on the proxy card or the Notice. When prompted, enter the 12 digit control number located on your proxy card or Notice, and follow the simple instructions for voting. Telephone voting is available 24 hours a day, 7 days a week.

By Written Proxy. Stockholders of record may vote by written proxy card. Mark your selections on the enclosed proxy card, date and sign your name exactly as it appears on your proxy card, and mail the proxy card in the enclosed postage-paid envelope.

Voting Shares held in Street Name. If your shares are held in the name of a bank, broker or other record holder (that is, in street name), you may request a written proxy card or a vote instruction form from your bank, broker or other nominee. You may also vote by Internet or by telephone if your bank, broker or other nominee makes those methods available, in which case the bank, broker or other nominee will provide instructions.

The telephone and Internet voting procedures are designed to authenticate identities, to allow Stockholders and beneficial owners to vote their shares, and to confirm that instructions have been recorded properly.

PROPOSAL 1 ELECTION OF DIRECTORS

The Company s Restated Certificate of Incorporation, as amended (the 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.

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. The Board of Directors has fixed the size of the board at 8 directors. The Board of Directors has re-nominated Richard C. Ill, Jeffrey S. Lorberbaum and Karen A. Smith Bogart for election as Class I directors at the Annual Meeting. 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.

It is the intention of the persons named as proxies to vote the proxies for the election of each of Mr. Ill, Mr. Lorberbaum and Dr. Smith Bogart, as a Class I director of the Company, unless the Stockholders direct otherwise in their proxies. Each of Mr. Ill, Mr. Lorberbaum and Dr. Smith Bogart has consented to serve as a director of the Company if elected. In the unanticipated event that any of Mr. Ill, Mr. Lorberbaum or Dr. Smith Bogart 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 Mr. Ill, Mr. Lorberbaum or Dr. Smith Bogart 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 2013 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 Director Nominees (If Elected, Terms Expire 2017)

Karen A. Smith Bogart Dr. Smith Bogart (age 56) has been a director of the Company since May 2011. She is currently President of Smith Bogart Consulting, working with companies to enhance their strategic and operational performance. From 2006 to 2013, Dr. Smith Bogart also served as President of Pacific Tributes Inc., a web-based printing services firm located in California. From 2003 to 2006, she was Chairman and President, Greater Asia Region and Senior Vice President of Eastman Kodak Company, 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. Dr. Smith Bogart is a director of Monolithic Power Systems, Inc., a high performance analog semiconductor company.

Richard C. Ill Mr. Ill (age 70) has been a director of the Company since May 2011. Mr. Ill has served as the Chairman of Triumph Group, Inc. (Triumph Group), a public, international aviation services company, since 2009, and was President, Chief Executive Officer and a director of Triumph Group from 1993 until 2013. 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 15 years of experience as a director of public companies, currently serving as a director of P.H. Glatfelter Company, a global supplier and leading manufacturer of paper and fiber products, and 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 59) 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 2015)

Bruce C. Bruckmann Mr. Bruckmann (age 60) 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 Magpul Industries Corporation, which are private companies.

Frans G. De Cock Mr. De Cock (age 71) has been a director of the Company since our acquisition of Unilin Flooring BVBA and its affiliated companies (Unilin) (now one of the Company s principal operating subsidiaries) in October 2005 and was named President Unilin in November 2005. Mr. De Cock retired as President Unilin effective January 1, 2009 but has continued to provide consulting services to our Laminate and Wood segment 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 65) 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 is a certified public accountant and 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, and BPI Holdings International, Inc., a motor vehicle components manufacturer. 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 2016)

John F. Fiedler Mr. Fiedler (age 75) has been a director of the Company since March 2002. Mr. Fiedler is the retired Chairman of the board of directors of BorgWarner. He most recently served as Chief Executive Officer of BorgWarner having been named Chairman and Chief Executive Officer in January 1995. Before 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 and Snap-on Inc., a global developer, manufacturer and marketer of tools and equipment solutions for professional tool users. Mr. Fiedler also formerly served as a director of YRL Worldwide Inc., formerly Yellow Roadway Corp, and AirTran Holdings, Inc., a low-cost air travel provider. He is a member of the Kent State Foundation Commission and he serves on the Advisory Board of Prism Mezzanine Fund.

W. Christopher Wellborn Mr. Wellborn (age 58) 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.

Contractual Obligations with respect to the Election of Directors

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 stockholders 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 stockholders 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 stockholders 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.

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, Brian M. Carson, R. David Patton, Bernard P. Thiers and John C. Turner, Jr.

Frank H. Boykin Mr. Boykin (age 58) 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, a worldwide audit, tax and advisory services firm.

James F. Brunk Mr. Brunk (age 48) 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. Before 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.

Brian M. Carson Mr. Carson (age 49) was named President Mohawk Flooring (which became our Carpet segment) in January 2012. Mr. Carson joined Mohawk as President Hard Surfaces for Mohawk Flooring in 2006, with responsibilities later expanded to include logistics. From 2008 until his 2012 promotion, Mr. Carson served as Chief Operating Officer Mohawk Flooring. Mr. Carson served in manufacturing and senior management roles with Armstrong World Industries, a manufacturer of floors and ceilings for commercial and residential markets, for 16 years before joining the Company.

R. David Patton Mr. Patton (age 43) was named Vice President Business Strategy, General Counsel and Secretary of the Company in July 2013. Before joining the Company, Mr. Patton served as a partner of Alston & Bird LLP in its Corporate Transactions and Securities Practice Group, where he focused his practice on corporate transactions, securities regulation and corporate governance, developing an extensive background in mergers and acquisitions, securities, corporate and business transactions, finance and private equity.

Bernard P. Thiers Mr. Thiers (age 58) was promoted to President Unilin (which became our Laminate and Wood segment) 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.

John C. Turner, Jr. Mr. Turner (age 45) was promoted to President Dal-Tile (which became the North American unit of our Ceramic segment) in January 2012. Mr. Turner began his career with Dal-Tile in 1990, progressing through a series of sales, operations and management roles. In 2005, Mr. Turner was promoted to Senior Vice President of Sales. From 2008 to 2011, he served as Senior Vice President of Operations Dal-Tile, and from 2011 until his 2012 promotion, he served as Chief Operating Officer Dal-Tile.

Meetings and Committees of the Board of Directors

General. During 2013, the Board of Directors held five meetings. All members of the Board of Directors attended over 90% 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 2013 Annual Meeting of Stockholders were present at such meeting.

The Board of Directors has affirmatively determined, considering generally all relevant facts and circumstances regarding each non-management director, that none of Mr. Bruckmann, Mr. Fiedler, Mr. Ill, Mr. Onorato or Dr. Smith Bogart 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 Investor Information and the subheading 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). The Audit Committee is comprised of three directors: Mr. Onorato (Chairman), Mr. Bruckmann and Mr. Ill. The Audit Committee met seven times during 2013. The Board of Directors has determined that Mr. Onorato is qualified as the audit committee financial expert within the meaning of applicable SEC regulations and has all the requisite accounting and financial expertise within the meaning of the listing standards of the NYSE. 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 Investor Information and the subheading 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), which consists of Mr. Fiedler (Chairman), Mr. Onorato and Dr. Smith Bogart. The Compensation Committee met twice during 2013. 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 Investor Information and the subheading 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), which consists of Mr. Bruckmann (Chairman), Mr. Ill and Dr. Smith Bogart. The Governance Committee met twice during 2013. 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 *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 Investor Information and the subheading 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.

2013 DIRECTOR COMPENSATION

For the 2013 service year (May 2013-May 2014), each independent director received an annual retainer of $80,000 and no separate meeting fees. The Compensation Committee and the Governance Committee Chairmen received an additional retainer of $10,000 each, and the Audit Committee Chairman received an additional annual retainer of $15,000. Each independent director also received a grant of restricted stock units on the first business day of the year with a grant date value of $90,000 that vest ratably over three years.

Non-employee directors may elect to receive their retainer in cash, shares of Common Stock or phantom stock or a 50/50 mix of cash and Common Stock or phantom stock. The number of shares of Common Stock or phantom stock issued is based on the fair market value of the Common Stock at the beginning of each quarter of the previous year. Phantom stock is an optional income deferral feature that uses a book entry, stock valued account that fluctuates in value based on the performance of the Common Stock over the deferral period.

Following a review of current market practices for directors of peer public companies, in February 2012, the Board of Directors adopted the Mohawk Industries, Inc. 2012 Non-Employee Director Compensation Plan (the Director Compensation Plan), which replaced the 1997 Non-Employee Director Stock Compensation Plan. The Director Compensation Plan operates as a subplan of the 2012 Incentive Plan, and does not constitute a separate source of shares.

As part of the transition from the Company s former director compensation plan, the $80,000 annual retainer that was paid in January 2013 was reduced by fees paid to directors for meetings attended in 2012. In addition, independent directors received a grant on the first business day of 2013 of 1,000 restricted stock units that vest ratably over five years.

The Company reimburses all directors for expenses the directors incurred in connection with attendance at meetings of the Board of Directors or Committees.

2013 Director Compensation

The following table presents certain summary information concerning director compensation paid by the Company for services rendered during the year ended December 31, 2013.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Phyllis O. Bonanno	16,714	93,170		109,884
Bruce C. Bruckmann	75,000	93,170		168,170
Frans G. De Cock		224,980	636,161	861,141
John F. Fiedler	89,476	93,170		182,646
Richard C. Ill	79,625	93,170		172,795
David L. Kolb	521,147	93,170		614,317
Joseph A. Onorato	92,371	93,170		185,541
Karen Smith Bogart	77,625	93,170		170,795

(1) Includes payment of the annual retainer. Mr. Fiedler, Mr. Ill, Mr. Onorato and Dr. Smith Bogart elected to take their 2013 service year retainer 50% in the form of cash (in each case net of fees paid in 2012 for meetings attended), $28,000, $25,000, $27,500 and $23,000 respectively, and 50%, in the form of Common Stock of 659, 585, 695 and 585 shares, respectively, pursuant to the Company s 2012 Non-Employee Director Stock Plan and 2012 Incentive Plan, which shares were issued on January 2, 2013. For the 2013 service year, Ms. Bonanno and Mr. Kolb elected to receive their retainer of $64,000 in the form of 937 shares of phantom stock.

Fractional shares of Common Stock and phantom stock were paid in cash in the following amounts: $122 (Bonanno), $77 (Fiedler), $121 (Ill), $122 (Kolb), $118 (Onorato) and $121 (Smith Bogart).

In connection with their retirement Ms. Bonanno elected to redeem her shares of phantom stock ratably over a period of 10 years, and Mr. Kolb elected to redeem his shares of phantom stock in a single cash payment. The value of redeemed shares of phantom stock is based on the closing price of a share of Common Stock on the business day preceding the annual meeting of stockholders for the applicable redemption year. Accordingly, Ms. Bonanno received $16,592 in exchange for the redemption of 144 shares of phantom stock, and Mr. Kolb received $521,024 in exchange for the redemption of 4,522 shares of phantom stock.

(2) The amounts reported in the Stock Awards column 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 grant date fair value of the restricted stock units is equal to the number of units issued times the closing trading price of the Company s stock on the day of grant. On January 2, 2013, each of the non-employee directors, other than Mr. De Cock, received 1,000 restricted stock units, with a grant date fair value of $93.17 per share. On March 12, 2013, Mr. De Cock received 2,000 restricted stock units, with a grant date fair value of $112.49 per share that vest ratably over five years. As of December 31, 2013, our non-employee directors held the following aggregate number of shares of restricted stock units and stock options:

	Restricted Stock Units (#)	Stock Options (#)
Mr. Bruckmann	3,000	6,750
Mr. De Cock	2,000	35,000
Mr. Fiedler	3,000	
Mr. Ill	1,800	

Mr. Onorato	3,000
Dr. Smith Bogart	1,800

(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 $358,103 (Euro 259,495) and an annual bonus of $278,058 (Euro 201,491). These amounts represent the approximate dollar values of his base salary and annual bonus, converted to U.S. Dollars using the Euro to Dollar exchange rate of 1.38.

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 Directors, but he receives compensation for consulting services as described further in *Certain Relationships and Related Transactions*.

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, 2013 with management. The Audit Committee members also discussed with the Company s independent registered public accounting firm the matters required to be discussed by Auditing Standard 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (United States). 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, 2013 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, 2013, filed with the Securities and Exchange Commission.

Audit Committee

Joseph A. Onorato-Chairman

Bruce C. Bruckmann

Richard C. Ill

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 2013 and 2012, 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 2013 and 2012, respectively.

	2013	2012
Audit Fees (Basic)(a)	$ 3,715	$ 3,888
Audit Fees (Acquisitions)(b)	2,546	
Audit Fees (Total)	6,261	3,888
Audit-Related Fees(c)	61	44
Tax Fees(d)	48	2
All Other Fees		
	$ 6,370	$ 3,934

(a) Audit services (basic) refers to the scope of audit services that is comparable to the scope of services performed in 2012. 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 services (acquisitions) refers to additional audit services related to the Company s acquisitions in 2013, including services related to the review of the Company s registration statement.

(c) Audit-related services consist principally of services related to the Company s acquisitions in 2013, audits of financial statements of employee benefit plans and professional services related to consultation with management on the accounting for various matters.

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

The Audit Committee pre-approved all audit and audit-related, tax and non-audit related services in 2013 and 2012. The Audit Committee has adopted a policy regarding the retention of the Company s independent registered public accounting firm that requires pre-approval of all audit and audit-related, tax and non-audit related services by the Chairman of the Audit Committee. 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.

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 year ending December 31, 2014 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

Executive Summary

As our businesses continue to innovate, introduce new products, improve productivity and expand geographically, we are pleased to report improved financial performance again in 2013. Highlights include:

- Earnings per share before unusual charges of $6.55, up 73.3% compared to 2012.
- Adjusted operating income increased 73.3% to $689.9 million.
- 2013 pro-forma adjusted EBITDA as a percentage of net sales was 13.4% up from 2012 adjusted EBITDA as a percentage of net sales of 11.7%.
- We achieved total stockholder return (TSR) for the three-year period ended December 2013 at the 100th percentile of the companies in our peer group (see *Determination of Executive Officer Compensation 2013 Review of Compensation Long Term Incentive Plan* for a discussion of these peer companies).

Please see our 2013 Annual Report that accompanies this Proxy Statement for additional information on the results of our operations for 2013 and a reconciliation of Non-GAAP financial measures at page A-1 of this Proxy Statement.

As we significantly rely on performance metrics for determining our executive compensation, the compensation of our named executive officers was positively affected by our financial results in 2013 and, with respect to the number of equity incentive awards granted in 2013, our performance results in prior years.

- Our 2013 annual cash incentive awards were based upon a combination of goals relating to earnings per share (EPS), which is described on page 16.
  - As a result of the Company s 2013 performance against these goals, 2013 annual cash incentive awards were paid to our CEO based on achievement of 150% of target performance goals and to our other named executive officers based on achievement of between 114% and 150% of target performance goals.
- Our 2013 long term incentive awards granted as restricted stock units (RSUs) were determined based upon the achievement of performance goals related to TSR for the prior three years (2010-2012) and individual goals.
  - As the Company achieved TSR at the 100th percentile of the peer group for the 2010-2012 performance period, each named executive officer received grants in 2013 at 200% of target. These awards are then scheduled to vest over the next three years.

While exceeding annual and long-term compensation targets for 2013, our CEO s 2013 total compensation remained well beneath the median of our peer group.

Compensation Philosophy and Objectives

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

create a strong link between the executives compensation and our annual and longer-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.

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. 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.

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. The Compensation Committee considers the 50^{th} percentile of the Company s peer group as a guide for setting total direct compensation (base salary plus annual cash incentive plus long-term incentive) for our executives. For purposes of setting compensation levels for 2013, the peer group was comprised of the following companies:

Armstrong World Industries, Inc.	Owens Corning
Ball Corporation	PPG Industries, Inc.
Fortune Brands Home & Security	The Sherwin-Williams Company
Lennox Corporation	Stanley Black & Decker, Inc.
Masco Corporation	Steelcase Inc.
MeadWestvaco Corporation	USG Corporation
Newell Rubbermaid Inc.	Whirlpool Corporation

The Compensation Committee 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. In February 2014, the Compensation Committee considered whether the work of Mercer raised any conflict of interest. The Committee considered various factors and determined that with respect to executive and director compensation-related matters, no conflict of interest was raised by the work of Mercer.

Company and Individual Performance Metrics

We rely significantly on performance-based measurements to determine the compensation earned by our executives. To customize our compensation program and recognize individual performance and contribution to the Company, we focus on goals relating to EPS, TSR and individual performance.

We select these financial and individual metrics for our incentive programs because we believe that they create appropriate incentives, aligned with those of our stockholders, to improve the operational efficiency and, as a result, the financial performance, of the Company. We also believe they are good indicators of our overall performance, including whether the Company and its business units are achieving our annual or longer-term business objectives, and lead to the creation of long-term value for our stockholders. When target performance

levels for each financial and individual performance goal are set, we believe such goals are likely to be achieved with good performance by our executives, taking into account the variability of economic, marketplace and industry conditions.

Components of Our Compensation Program

Our executive compensation program for our named executive officers consists primarily of the following integrated components: base salary, annual cash incentive awards and long-term incentive opportunities, which together comprise an executive s total direct compensation in a given year or performance period.

Base salary provides our executive officers with a level of compensation consistent with their skills, experience and contributions in relation to comparable positions in the competitive marketplace. Base salary is the one fixed component of our executives total direct compensation, in contrast to annual cash incentive awards and long-term incentive compensation, which are at risk based on performance. The Compensation Committee reviews the base salaries of our executive officers annually and whenever an executive is promoted. In addition, we also consider the executive s experience for the position, differences in position and responsibilities relative to the peer group and the executive s personal contribution to the financial and operational performance of the Company and our businesses.

Annual incentive awards are awarded under our Senior Executive Bonus Plan (Annual Cash Incentive Plan) and provide a direct link between executive compensation and our annual performance. Unlike base salary, which is fixed, our executives annual cash incentive award is at risk based on how well the Company and our executives perform against annual performance goals.

Equity incentive awards in the form of restricted stock units are awarded under our Long Term Equity Incentive Plan (Long Term Incentive Plan) and provide a link between executive compensation and our long term performance, as grants are based on financial goals for a three-year performance period and annual individual performance goals. To determine the number of awards granted in February 2013, the performance period of 2010-2012 applied. Awards granted under the Long Term Incentive Plan vest ratably over three years following the grant date.

By placing a significant portion of an executive s annual pay at risk, the Compensation Committee believes that compensation is more directly related to performance and more closely links the financial interests of the executives and those of the stockholders. Given our business objectives, the Compensation Committee intends that