

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income and Adjusted EBITDA

	For the Years Ended December 31,		
	2015	2014	2013
Operating Income	\$ 837,566	772,796	546,931
Add: Restructuring, acquisition and integration-related costs	74,604	51,604	111,939
Acquisition purchase accounting (inventory step-up)	13,337	—	31,041
Legal settlement and reserves	124,480	10,000	—
Adjusted Operating Income ^(a)	\$1,049,987	834,400	689,911
Less: Net earnings attributable to noncontrolling interest	(1,684)	(289)	(505)
Add: Depreciation and amortization ^(b)	353,997	336,608	308,871
Other income (expense), net ^(c)	(17,619)	1,254	(9,114)
Release of indemnification asset	11,180	—	—
Restructuring, acquisition and integration-related costs	—	—	1,481
Adjusted EBITDA ^(d)	\$1,395,861	1,171,973	990,644
Net Sales	8,071,563	7,803,446	7,348,754
Adjusted EBITDA as a percent of net sales	17.3%	15.0%	13.5%

(a) The non-GAAP measure "Adjusted Operating Income" is used to compare operating results. Management uses the information to review results excluding items that are not necessarily indicative of ongoing results.

(b) Excludes \$8,650 and \$8,962 of accelerated depreciation related to restructuring in 2015 and 2014, respectively.

(c) Excludes \$11,952 of loss related to disposal of a subsidiary in 2014.

(d) The non-GAAP measure Adjusted EBITDA is used to more clearly evaluate our cash generation from operations.

The Company believes it is useful for itself and investors to review, as applicable, both GAAP and the above non-GAAP measures in order to assess the performance of the Company's business for planning and forecasting in subsequent periods. In particular, the Company believes excluding the impact of restructuring, acquisition and integration-related costs is useful because it allows investors to evaluate our performance for different periods on a more comparable basis.

Reconciliation of Net Sales to Net Sales on a Constant Exchange Rate

(Amounts in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Net sales	\$8,071,563	7,803,446	7,348,754
Adjustment to net sales on a constant exchange rate	490,090	—	—
Net sales on a constant exchange rate	\$8,561,653	7,803,446	7,348,754

Reconciliation of Segment Net Sales to Net Sales on a Constant Exchange Rate

(Amounts in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Global Ceramic			
Net sales	\$3,012,859	3,015,279	2,677,058
Adjustment to net sales on a constant exchange rate	252,208	—	—
Net sales on a constant exchange rate	\$3,265,067	3,015,279	2,677,058

	For the Years Ended December 31,		
	2015	2014	2013
Flooring NA			
Net sales	\$3,602,112	3,441,018	3,423,093
Adjustment to net sales on a constant exchange rate	—	—	—
Net sales on a constant exchange rate	\$3,602,112	3,441,018	3,423,093

	For the Years Ended December 31,		
	2015	2014	2013
Flooring ROW			
Net sales	\$1,456,898	1,354,018	1,249,279
Adjustment to net sales on a constant exchange rate	237,882	—	—
Net sales on a constant exchange rate	\$1,694,780	1,354,018	1,249,279

Reconciliation of Non-GAAP Measures (continued)

Reconciliation of Net Earnings Attributable to Mohawk Industries, Inc., to Adjusted Net Earnings Attributable to Mohawk Industries, Inc. and Adjusted Diluted Earnings Per Share Attributable to Mohawk Industries, Inc.

(Amounts in thousands, except per share data)

	For the Years Ended December 31,		
	2015	2014	2013
Net earnings attributable to Mohawk Industries, Inc.	\$ 615,302	531,965	348,786
Unusual items:			
Restructuring, acquisition and integration-related costs	74,604	63,556	113,420
Deferred loan costs	651	1,080	490
Interest on 3.85% senior notes	—	—	3,559
Acquisitions purchase accounting (inventory step-up)	13,337	—	31,041
Release of indemnification asset	11,180	—	—
Discontinued operations	—	—	18,945
Bond redemption	—	18,922	—
Legal settlement and reserves	124,480	10,000	—
Income taxes – reversal of uncertain tax position	(11,180)	—	—
Income taxes	(72,872)	(27,856)	(42,841)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$ 755,502	597,667	473,400
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 10.20	8.15	6.55
Weighted-average common shares outstanding – diluted	74,043	73,363	72,301

Reconciliation of Operating Income to Adjusted Operating Income on a Constant Exchange Rate

(Amounts in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Operating Income	\$ 837,566	772,796	546,931
Adjustment to consolidated operating income:			
Restructuring, acquisition and integration-related costs	74,604	51,604	111,939
Acquisitions purchase accounting (inventory step-up)	13,337	—	31,041
Legal settlement and reserves	124,480	10,000	—
Adjustment to operating income on a constant exchange rate	74,232	—	—
Adjusted Operating Income on a constant exchange rate	\$1,124,219	834,400	689,911

	For the Years Ended December 31,		
	2015	2014	2013
Global Ceramic			
Operating income	\$ 414,154	351,113	209,825
Adjustment to segment operating income:			
Restructuring, acquisition and integration-related costs	5,429	9,330	42,875
Acquisitions purchase accounting (inventory step-up)	2,881	—	31,041
Adjustment to operating income on a constant exchange rate	34,709	—	—
Adjusted segment operating income on a constant exchange rate	\$ 457,173	360,443	283,741

	For the Years Ended December 31,		
	2015	2014	2013
Flooring ROW			
Operating income	\$ 203,370	151,528	107,850
Adjustment to segment operating income:			
Restructuring, acquisition and integration-related costs	30,546	36,177	48,667
Acquisitions purchase accounting (inventory step-up)	7,762	—	—
Adjustment to operating income on a constant exchange rate	39,523	—	—
Adjusted segment operating income on a constant exchange rate	\$ 281,201	187,705	156,517

Reconciliation of Non-GAAP Measures (continued)

Reconciliation of Operating Income to Adjusted Operating Income

(Amounts in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Operating Income	\$ 837,566	772,796	546,931
Adjustment to consolidated operating income:			
Restructuring, acquisition and integration-related costs	74,604	51,604	111,939
Acquisition purchase accounting (inventory step-up)	13,337	—	31,041
Legal settlement and reserves	124,480	10,000	—
Adjusted Operating Income	\$1,049,987	834,400	689,911

	For the Years Ended December 31,		
	2015	2014	2013
Global Ceramic			
Operating income	\$ 414,154	351,113	209,825
Adjustment to segment operating income:			
Restructuring, acquisition and integration-related costs	5,429	9,330	42,875
Acquisitions purchase accounting (inventory step-up)	2,881	—	31,041
Adjusted segment operating income	\$ 422,464	360,443	283,741
Net sales	\$3,012,859	3,015,279	2,677,058
Adjusted operating margin as a percent of net sales	14.0%	12.0%	10.6%

	For the Years Ended December 31,		
	2015	2014	2013
Flooring NA			
Operating income	\$ 264,271	299,992	259,753
Adjustment to segment operating income:			
Restructuring, acquisition and integration-related costs	29,290	4,610	19,172
Acquisitions purchase accounting (inventory step-up)	2,694	—	—
Legal settlement and reserves	124,480	10,000	—
Adjusted segment operating income	\$ 420,735	314,602	278,925
Net sales	\$3,602,112	3,441,018	3,423,093
Adjusted operating margin as a percent of net sales	11.7%	9.1%	8.1%

	For the Years Ended December 31,		
	2015	2014	2013
Flooring ROW			
Operating income	\$ 203,370	151,528	107,850
Adjustment to segment operating income:			
Restructuring, acquisition and integration-related costs	30,546	36,177	48,667
Acquisitions purchase accounting (inventory step-up)	7,762	—	—
Adjusted segment operating income	\$ 241,678	187,705	156,517
Net sales	\$1,456,898	1,354,018	1,249,279
Adjusted operating margin as a percent of net sales	16.6%	13.9%	12.5%