

MOHAWK CARPET DISTRIBUTION, L.P.
INTERNET ADVERTISING POLICY

Mohawk Carpet Distribution, L.P. ("Mohawk") has received a number of requests from its dealers for permission to use on the Internet certain of Mohawk's copyrighted images displayed on certain of its flooring lines, copyrighted graphics and other copyrighted written material developed by Mohawk in connection with marketing programs designed for its dealers, as well as Mohawk's trademarks (collectively the "Licensed Intellectual Property"). Mohawk is pleased to license the use of the Licensed Intellectual Property to its dealers upon the terms and conditions stated below. This Policy supersedes and replaces all previous policies and requirements pertaining to the Internet Usage (as defined below) of the Licensed Intellectual Property and our dealers are released from those policies and requirements. Retailers who sell or advertise over the Internet must abide by the Graphic Standards and Guidelines.

1. The license extended by, and the requirements contained in, this Policy pertain only to Internet Usage. The term "Internet Usage", as used in this Policy, refers to advertising over a Web site or via e-mail.
2. The Licensed Intellectual Property that is being licensed to each dealer under this Policy is limited to that Licensed Intellectual Property which is made available by Mohawk to such dealer in connection with (i) the specific carpeting, flooring and other products sold or licensed by Mohawk (the "Products") which such dealer is authorized to carry; and (ii) any marketing program made available to such dealer. No other use of the Licensed Intellectual Property is permitted under this License without express written consent from Senior VP of Marketing.
3. Mohawk reserves the right to limit or refuse to permit the use of the Licensed Intellectual Property at any time for any reason or no reason in its sole discretion. Upon notice, the dealer will be required to immediately remove all Licensed Intellectual Property from its Web site and to cease and desist sending or causing to be sent any e-mail advertising, which includes the Intellectual Property.
4. In order to protect the integrity of the Licensed Intellectual Property, this Policy requires that any Internet Usage of the Licensed Intellectual Property be without pricing for the Products. No dealer may cheapen or disparage the reputation of excellence and high quality Mohawk has achieved for the Products. Internet Usage shall not include any advertising that indicates that discounted pricing is available. For instance, words such as, "Call for discounted pricing" or "Prices too low to advertise" included on a Web site or in an advertisement sent via e-mail in conjunction with the Licensed Intellectual Property would be a violation of this Policy.
5. Each dealer must have a physical store location, programmed pricing, and a current account number with Mohawk. Mohawk will not set up separate accounts for Internet Usage. In order to advertise any of the Products on the Internet, the dealer must maintain adequate and representative inventory at its store location to adequately and promptly satisfy the consumer demand for the Products so advertised.

6. The Licensed Intellectual Property will be used by the dealers only in connection with those Products produced, purchased, supplied or licensed by Mohawk. All Internet Usage of the Intellectual Property will use only approved copyrighted images and trademarks and trademark graphics in connection with the advertising materials displayed through such Internet Usage. No dealer shall have any right in or to any of the Licensed Intellectual Property and shall not make any statement or take any position to the contrary. All goodwill from the use of the Licensed Intellectual Property shall inure to the sole benefit of Mohawk. Each of the dealers will do nothing in its advertising or otherwise to indicate that the Licensed Intellectual Property is the property of such dealer. Upon request, each dealer will provide to Mohawk examples showing all Internet Usage by such dealer of the Licensed Intellectual Property.
7. No dealer may engage in Internet Usage of the Licensed Intellectual Property to sell or market the Products in any way that disparages or injures Mohawk or the Products, as determined by Mohawk. The dealer may not engage in Internet Usage to market the Products or use the Licensed Intellectual Property in any manner involving illegal, deceptive, undesirable or improper retail practices.
8. No dealer may register or seek to register any domain names incorporating Mohawk's trademarks, or any variant thereof, with Network Solutions, Inc. or any other Internet domain name registration service in the United States or internationally.
9. Dealers who choose to engage in Internet Usage of the Licensed Intellectual Property shall indemnify, defend and hold harmless Mohawk from and against all costs, damages, claims (threatened or actual) and expenses (including, but not limited to, reasonable attorneys' fees) which may arise or derive in any way from such dealers' Internet Usage of the Licensed Intellectual Property, regardless of whether any such costs, damages, claims or expenses includes an allegation of negligence on Mohawk's part.
10. Mohawk reserves the right to choose those dealers with which to do business and the right to accept or reject any purchase order from any dealer at any time. Any violation of this Policy may result in Mohawk's refusal to accept any purchase order from a dealer in the future in its sole discretion at any time.
11. This Policy, which has been adopted unilaterally by Mohawk, shall be effective July 1, 2004.
12. Any deviation from this Policy can only be granted by the Senior VP of Marketing, or his designee. Field sales and other Mohawk employees do not have authority to grant exceptions or approval.

Mohawk values your business and appreciates the efforts undertaken by each of its dealers in promoting the Products. It is believed that this Policy will ensure the integrity of the use of the Licensed Intellectual Property not only for the benefit of Mohawk, but also for the benefit of its licensed dealers.