

## The History of Shaw Industries, Inc.

### Profile

Shaw Industries Inc., a subsidiary of the public company, Berkshire Hathaway, is the largest manufacturer of carpet in the world, with annual sales exceeding 4.6 billion dollars. Headquartered in Dalton, Georgia, the undisputed Carpet Capital of the World, Shaw sells carpeting and rugs for residential and commercial applications throughout the United States and exports to most markets worldwide. Shaw Industries' commercial division operates under the name Shaw Contract Group and sells commercial floorcovering to dealers, architects and designers and other customers.



President Julian Saul with CEO and Chairman Bob Shaw

### History

In December of 1967, Philadelphia Holding Company was created by merging Star Finishing Co., Sabre Carpets, and the then-dormant Star Dye Company, and Rocky Creek Mills, a

company that had been part-owned by J.C Shaw. In 1971, Philadelphia Holding Company went public as Shaw Industries, Inc. Shaw common stock was first traded on the American Stock Exchange in March 1972, and on the New York Stock Exchange (SHX) in June 1981.

In 1987, Shaw purchased the carpet operations of WestPoint Pepperell, Inc., including the Cabin Craft residential line and Stratton Commercial Carpets. The acquisition increased the size of the company at the time by almost 40%. Armstrong World Ind, Inc. sold its carpet divisions to Shaw in 1989, adding another 30% to Shaw's estimated sales volume. By the end of 1989, Shaw was the #1 manufacturer of carpet. In February 1992, Shaw purchased Salem Carpet Mills, Inc.

### Growth

In August 1998, Shaw announced the strategic decision to join forces with Queen Carpets, the industry's 4th largest manufacturer. The Queen merger brought to Shaw such successful brand names as Queen, Tufftex, Designweave, and Patcraft.

The following year, Shaw Industries announced Berkshire Hathaway's offer to acquire the company. On January 8, 2001, Shaw Industries joined an impressive list of nationally recognized and respected companies owned by Berkshire Hathaway, including GEICO,

General Re, Benjamin Moore, and Johns Manville. Additionally, the company owns major interests in such diverse and respected enterprises such as Coca-Cola, American Express, and Gillette. Berkshire Hathaway CEO, Warren Buffett, is known for acquiring businesses that have a dominant market share and have a strong management team, such as Shaw Industries.



The exterior of Shaw's newest manufacturing plant in Cartersville, GA exclusively for tile, including the environmentally guaranteed EcoSolution Q and EcoWorx products.

## Leadership

Shaw's commitment as a leading manufacturer goes beyond product and service, as the company takes very seriously its corporate responsibility to protect and improve the environment.

Today, Shaw Contract offers products that are 100% recyclable through our e.g. environmentally guaranteed products. Products that are part of a sustainable recovery system, returning carpet components to their original end use -- yarn to more yarn and backing to more backing.

## Commitment

Our depth and breadth of manufacturing expertise place us in a unique position to support our global customers' contract carpet requirements. The fact that we hold a 33% market-share position in the over \$2 billion specified commercial market is in direct correlation to several of our valued business practices: customer-driven mindset; abundant options; segmentation; and single-source accountability.

## Vision

Shaw Industries' vision is to continue to be the industry's leader, and a world-class company as defined by the customers it serves. Random annual surveys conducted in 1998, 1999, 2000, and 2001 by Floor Focus magazine suggest the company is on the right track.

For four consecutive years, the top 500 commercial facility managers were asked to rate commercial manufacturers in five categories, and Shaw was named #1 in every category: quality, service, styling, value, and performance.

These rankings--as well as the successful history of Shaw Industries--are the result of the exceptional sense of teamwork shared by over 28,000 Shaw employees. Their daily efforts illustrate their commitment and their determination to stay on top in an ever-changing and highly competitive marketplace.