

WHIRLPOOL CORP /DE/  
Form 10-Q  
October 23, 2015

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UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission file number 1-3932

WHIRLPOOL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

38-1490038

(State of Incorporation)

(I.R.S. Employer Identification No.)

2000 North M-63,

49022-2692

Benton Harbor, Michigan

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code (269) 923-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of common stock

Shares outstanding at October 16, 2015

Common stock, par value \$1 per share

78,194,437

QUARTERLY REPORT ON FORM 10-Q  
WHIRLPOOL CORPORATION  
Three and Nine Months Ended September 30, 2015  
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## FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Certain statements contained in this quarterly report, including those within the forward-looking perspective section within the Management's Discussion and Analysis, and other written and oral statements made from time to time by us or on our behalf do not relate strictly to historical or current facts and may contain forward-looking statements that reflect our current views with respect to future events and financial performance. As such, they are considered "forward-looking statements" which provide current expectations or forecasts of future events. Such statements can be identified by the use of terminology such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," and similar expressions. Our forward-looking statements generally relate to our growth strategies, financial results, product development, and sales efforts. These forward-looking statements should be considered with the understanding that such statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially. This document contains forward-looking statements about Whirlpool Corporation and its consolidated subsidiaries ("Whirlpool") that speak only as of this date. Whirlpool disclaims any obligation to update these statements. Forward-looking statements in this document may include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and raw material prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers; (2) acquisition and investment-related risk, including risk associated with our acquisitions of Hefei Sanyo and Indesit, and risk associated with our increased presence in emerging markets; (3) Whirlpool's ability to continue its relationship with significant trade customers and the ability of these trade customers to maintain or increase market share; (4) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from natural disasters or terrorist attacks; (5) fluctuations in the cost of key materials (including steel, plastic, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (6) the ability of Whirlpool to manage foreign currency fluctuations; (7) litigation, tax, and legal compliance risk and costs, especially costs which may be materially different from the amount we expect to incur or have accrued for; (8) the effects and costs of governmental investigations or related actions by third parties; (9) changes in the legal and regulatory environment including environmental and health and safety regulations; (10) Whirlpool's ability to maintain its reputation and brand image; (11) the ability of Whirlpool to achieve its business plans, productivity improvements, cost control, price increases, leveraging of its global operating platform, and acceleration of the rate of innovation; (12) information technology system failures and data security breaches; (13) product liability and product recall costs; (14) inventory and other asset risk; (15) changes in economic conditions which affect demand for our products, including the strength of the building industry and the level of interest rates; (16) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (17) the uncertain global economy; (18) our ability to attract, develop and retain executives and other qualified employees; (19) the impact of labor relations; (20) Whirlpool's ability to obtain and protect intellectual property rights; and (21) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans.

We undertake no obligation to update any forward-looking statement, and investors are advised to review disclosures in our filings with the SEC. It is not possible to foresee or identify all factors that could cause actual results to differ from expected or historic results. Therefore, investors should not consider the foregoing factors to be an exhaustive statement of all risks, uncertainties, or factors that could potentially cause actual results to differ from forward-looking statements. Additional information concerning these and other factors can be found in "Risk Factors" in Part II, Item 1A of this report.

Unless otherwise indicated, the terms "Whirlpool," "the Company," "we," "us," and "our" refer to Whirlpool Corporation and consolidated subsidiaries.



## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## WHIRLPOOL CORPORATION

## CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE PERIODS ENDED SEPTEMBER 30

(Millions of dollars, except per share data)

|  | Three Months Ended |         | Nine Months Ended |          |   |
|--|--------------------|---------|-------------------|----------|---|
|  | 2015               | 2014    | 2015              | 2014     |   |
| Net sales  | \$5,277            | \$4,824 | \$15,331          | \$13,869 |   |
| Expenses   |                    |         |                   |          |   |
| Cost of products sold                                    | 4,347              | 3,997   | 12,643            | 11,500   |   |
| Gross margin   | 930                | 827     | 2,688             | 2,369    |   |
| Selling, general and administrative                      | 529                | 448     | 1,583             | 1,344    |   |
| Intangible amortization                                  | 18                 | 6       | 55                | 17       |   |
| Restructuring costs                                      | 54                 | 38      | 145               | 101      |   |
| Operating profit   | 329                | 335     | 905               | 907      |   |
| Other income (expense)                                   |                    |         |                   |          |   |
| Interest and sundry income (expense)                     | (21                | ) (39   | ) (32             | ) (78    | ) |
| Interest expense   | (41                | ) (35   | ) (124            | ) (119   | ) |
| Earnings before income taxes                             | 267                | 261     | 749               | 710      |   |
| Income tax expense                                       | 17                 | 26      | 116               | 126      |   |
| Net earnings   | 250                | 235     | 633               | 584      |   |
| Less: Net earnings available to noncontrolling interests | 15                 | 5       | 30                | 15       |   |
| Net earnings available to Whirlpool                      | \$235              | \$230   | \$603             | \$569    |   |
| Per share of common stock                                |                    |         |                   |          |   |
| Basic net earnings available to Whirlpool                | \$2.98             | \$2.92  | \$7.64            | \$7.26   |   |
| Diluted net earnings available to Whirlpool              | \$2.95             | \$2.88  | \$7.54            | \$7.16   |   |
| Dividends declared                                       | \$0.90             | \$0.75  | \$2.55            | \$2.125  |   |
| Weighted-average shares outstanding (in millions)        |                    |         |                   |          |   |
| Basic  | 78.8               | 78.4    | 78.9              | 78.3     |   |
| Diluted  | 79.7               | 79.6    | 79.9              | 79.4     |   |
| Comprehensive income                                     | \$45               | \$39    | \$254             | \$429    |   |

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.

WHIRLPOOL CORPORATION  
 CONSOLIDATED CONDENSED BALANCE SHEETS

(Millions of dollars, except share data)

|  | (Unaudited)           |                      |
|--|-----------------------|----------------------|
|  | September 30,<br>2015 | December 31,<br>2014 |
| Assets   |                       |                      |
| Current assets   |                       |                      |
| Cash and equivalents   | \$ 698                | \$ 1,026             |
| Accounts receivable, net of allowance of \$165 and \$154, respectively   | 2,914                 | 2,768                |
| Inventories  | 2,943                 | 2,740                |
| Deferred income taxes  | 341                   | 417                  |
| Prepaid and other current assets   | 983                   | 1,147                |
| Total current assets   | 7,879                 | 8,098                |
| Property, net of accumulated depreciation of \$5,964 and \$5,959, respectively   | 3,684                 | 3,981                |
| Goodwill   | 3,039                 | 2,807                |
| Other intangibles, net of accumulated amortization of \$309 and \$267, respectively                                      | 2,705                 | 2,803                |
| Deferred income taxes  | 1,917                 | 1,900                |
| Other noncurrent assets  | 399                   | 413                  |
| Total assets   | \$ 19,623             | \$ 20,002            |
| Liabilities and stockholders' equity   |                       |                      |
| Current liabilities  |                       |                      |
| Accounts payable   | \$ 4,162              | \$ 4,730             |
| Accrued expenses   | 693                   | 852                  |
| Accrued advertising and promotions   | 614                   | 673                  |
| Employee compensation  | 426                   | 499                  |
| Notes payable  | 803                   | 569                  |
| Current maturities of long-term debt   | 507                   | 234                  |
| Other current liabilities  | 1,006                 | 846                  |
| Total current liabilities  | 8,211                 | 8,403                |
| Noncurrent liabilities   |                       |                      |
| Long-term debt   | 3,502                 | 3,544                |
| Pension benefits   | 976                   | 1,123                |
| Postretirement benefits  | 405                   | 446                  |
| Other noncurrent liabilities   | 740                   | 690                  |
| Total noncurrent liabilities   | 5,623                 | 5,803                |
| Stockholders' equity   |                       |                      |
| Common stock, \$1 par value, 250 million shares authorized, 110 million shares issued, and 78 million shares outstanding | 110                   | 110                  |
| Additional paid-in capital   | 2,597                 | 2,555                |
| Retained earnings  | 6,611                 | 6,209                |
| Accumulated other comprehensive loss   | (2,211)               | (1,840)              |
| Treasury stock, 32 million shares  | (2,244)               | (2,149)              |
| Total Whirlpool stockholders' equity   | 4,863                 | 4,885                |
| Noncontrolling interests   | 926                   | 911                  |
| Total stockholders' equity   | 5,789                 | 5,796                |
| Total liabilities and stockholders' equity   | \$ 19,623             | \$ 20,002            |

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.



WHIRLPOOL CORPORATION  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)  
FOR THE PERIODS ENDED SEPTEMBER 30  
(Millions of dollars)

|   | Nine Months Ended |        |
|---|-------------------|--------|
|   | 2015              | 2014   |
| Operating activities  |                   |        |
| Net earnings  | \$633             | \$584  |
| Adjustments to reconcile net earnings to cash used in operating activities: |                   |        |
| Depreciation and amortization   | 496               | 397    |
| Curtailement gain   | (63               | ) —    |
| Changes in assets and liabilities:  |                   |        |
| Accounts receivable   | (405              | ) (302 |
| Inventories   | (397              | ) (399 |
| Accounts payable  | (288              | ) 44   |
| Accrued advertising and promotions  | (34               | ) (18  |
| Accrued expenses and current liabilities                                    | (26               | ) (161 |
| Taxes deferred and payable, net   | (44               | ) 40   |
| Accrued pension and postretirement benefits                                 | (109              | ) (165 |
| Employee compensation   | (31               | ) (55  |
| Other   | 111               | (93    |
| Cash used in operating activities   | (157              | ) (128 |
| Investing activities  |                   |        |
| Capital expenditures  | (391              | ) (422 |
| Proceeds from sale of assets and business                                   | 35                | 18     |
| Change in restricted cash   | 21                | —      |
| Acquisition of Indesit Company S.p.A.                                       | —                 | (75    |
| Acquisition of Hefei Rongshida Sanyo Electric Co., Ltd.                     | —                 | (250   |
| Investment in related businesses  | (72               | ) (16  |
| Other   | —                 | (3     |
| Cash used in investing activities   | (407              | ) (748 |
| Financing activities  |                   |        |
| Proceeds from borrowings of long-term debt                                  | 531               | 818    |
| Repayments of long-term debt  | (278              | ) (606 |
| Dividends paid  | (200              | ) (165 |
| Net proceeds from short-term borrowings                                     | 307               | 476    |
| Common stock issued   | 36                | 31     |
| Repurchase of common stock  | (95               | ) (25  |
| Purchase of noncontrolling interest shares                                  | —                 | (5     |
| Other   | (5                | ) (13  |
| Cash provided by financing activities                                       | 296               | 511    |
| Effect of exchange rate changes on cash and equivalents                     | (60               | ) (28  |
| Decrease in cash and cash equivalents                                       | (328              | ) (393 |
| Cash and equivalents at beginning of period                                 | 1,026             | 1,380  |
| Cash and equivalents at end of period                                       | \$698             | \$987  |

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements.





NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF PRESENTATION

General Information

The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information or footnotes required by GAAP for complete financial statements. As a result, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in our Form 10-K for the year ended December 31, 2014.

Management believes that the accompanying Consolidated Condensed Financial Statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods.

We have eliminated all material intercompany transactions in our Consolidated Condensed Financial Statements. We do not consolidate the financial statements of any company in which we have an ownership interest of 50% or less unless that company is deemed to be a variable interest entity ("VIE") of which we are the primary beneficiary. Certain VIEs are consolidated when the company is the primary beneficiary of these entities and has the ability to directly impact the activities of these entities.

We are required to make estimates and assumptions that affect the amounts reported in the Consolidated Condensed Financial Statements and accompanying Notes. Actual results could differ materially from those estimates. Certain prior year amounts in the Consolidated Condensed Financial Statements have been reclassified to conform with current year presentation.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The FASB has approved a one year deferral of this standard, and this pronouncement is now effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period and is to be applied using one of two retrospective application methods, with early application not permitted. We have not yet determined the potential effects from this pronouncement on our Consolidated Financial Statements.

In April 2015, FASB issued ASU No. 2015-03, Interest - "Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs". The guidance requires debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation for debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. In August 2015, the FASB issued ASU No. 2015-15, Interest-Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements - Amendments to SEC Paragraphs Pursuant to Staff Announcements at the June 2015 EITF Meeting. ASU 2015-15 amends Subtopic 835-30 to include that the SEC would not object to the deferral and presentation of debt issuance costs as an asset and subsequent amortization of debt issuance costs over the term of the line-of-credit arrangement, whether or not there are any outstanding borrowings on the line-of-credit arrangement. This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015, and must be applied on a retrospective basis with early adoption permitted. The adoption is not expected to have a material impact on our Consolidated Financial Statements.

In July 2015, the FASB issued ASU No. 2015-12, "Plan Accounting—Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965)". There are three parts to the ASU that aim to simplify the accounting and presentation of plan accounting. Part I of this ASU requires fully benefit-responsive investment contracts to be measured at contract value instead of the current fair value measurement. Part II of this ASU requires investments (both participant-directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part III of this ASU provides a similar measurement date practical expedient for employee benefit plans as available in ASU No. 2015-04, which allows employers to measure defined benefit plan assets on a month-end date that is nearest to the year's fiscal year-end when the fiscal period does not coincide with a month-end. Parts I and II of the new guidance should be applied on a retrospective basis. Part III of the new guidance should be applied on a prospective basis. This ASU is effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. The adoption is not expected to have a material impact on our Consolidated Financial Statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory", which amends ASC 330, Inventory. This ASU simplifies the subsequent measurement of inventory by using only the lower of cost and net realizable value. The ASU does not apply to inventory measured using last-in, first-out method. This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2016, and must be applied on a retrospective basis with early adoption permitted. The adoption is not expected to have a material impact on our Consolidated Financial Statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): "Simplifying the Accounting for Measurement-Period Adjustments", which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Under this ASU, acquirers must recognize measurement-period adjustments in the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previous periods if the accounting had been completed at the acquisition date. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company elected to early adopt this ASU in the third quarter of 2015. As a result, we have not retrospectively accounted for the measurement-period adjustments determined in the third quarter of 2015 related to the corrective action described in Note 2 in our Consolidated Financial Statements.

All other issued but not yet effective accounting pronouncements are not expected to have a material impact on our Consolidated Financial Statements.

## (2) ACQUISITIONS

### Whirlpool China

On October 24, 2014, Whirlpool's wholly-owned subsidiary, Whirlpool (China) Investment Co., Ltd., completed its acquisition of a 51% equity stake in Hefei Rongshida Sanyo Electric Co., Ltd. ("Hefei Sanyo"), a joint stock company whose shares are listed and traded on the Shanghai Stock Exchange, which we have since renamed Whirlpool (China) Co., Ltd ("Whirlpool China").

The aggregate purchase price for the transaction was RMB 3.4 billion (approximately \$551 million at the dates of purchase for each step of the transaction). The Company funded the total consideration for the shares with cash on hand. The cash paid for the private placement step of the transaction is considered restricted cash, which will be used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital. Whirlpool China results are included in our Asia operating segment.

### Indesit Company S.p.A.

On December 3, 2014, Whirlpool completed the final step in its acquisition of Indesit Company S.p.A. ("Indesit") and, on the same day, Indesit delisted from the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. Total consideration paid for Indesit was €1.1 billion (approximately \$1.4 billion at the dates of purchase of each step in the transaction) in aggregate net of cash acquired.

The Company funded the aggregate purchase price for Indesit through borrowings under its credit facility and commercial paper programs, and repaid a portion of such borrowings through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014 and an aggregate principal amount of €500 million

(approximately \$525 million as of the date of issuance) in senior notes on March 12, 2015. Additional information about our 2015 financing arrangements can be found in Note 6.

Indesit results are included in our EMEA operating segment.

### Purchase Price Allocations

The Company has finalized independent appraisals for the purpose of allocating the purchase price to the individual assets acquired and liabilities assumed in the Whirlpool China and Indesit acquisitions. This resulted in adjustments to the carrying values of recorded assets and liabilities, and the determination of residual amounts allocated to goodwill. The final allocation of the purchase prices included in the current period balance sheet is based on the final determination of asset fair values.

The following table presents the final allocation of purchase price related to the Whirlpool China and Indesit acquisitions, as of their respective dates of acquisition. Adjustments made to the opening balance sheet in the nine months ended September 30, 2015 include an \$8 million increase to Whirlpool China's goodwill resulting primarily from a reassessment of deferred tax assets, a \$296 million increase to Indesit's goodwill primarily reflecting the recognition of a corrective action on certain heritage Indesit products, a revaluation of current and deferred tax liabilities, an increase in trade partner incentives, and an increase in environmental liabilities. Additional information about the corrective action can be found in Note 7 in the Company's Consolidated Condensed Financial Statements. In addition, we have performed certain balance sheet reclassifications between notes payable and other current liabilities and between accounts payable and other current liabilities, in order to conform to Whirlpool's financial statement presentation. The effect of these adjustments would not have a material impact to net earnings for the nine months ended September 30, 2015 if they would have been previously recognized as of the acquisition date.

| Millions of dollars           | Whirlpool<br>China <sup>(1)</sup> | Indesit  |   |
|-------------------------------|-----------------------------------|----------|---|
| Cash                          | \$98                              | \$77     |   |
| Accounts receivable           | 78                                | 886      |   |
| Inventory                     | 135                               | 471      |   |
| Other current assets          | 354                               | 288      |   |
| Property, plant and equipment | 169                               | 854      |   |
| Goodwill                      | 459                               | 963      |   |
| Identified intangible assets  | 372                               | 822      |   |
| Other non-current assets      | 313                               | 185      |   |
| Total assets acquired         | 1,978                             | 4,546    |   |
| Accounts payable              | (181                              | ) (866   | ) |
| Short-term notes payable      | —                                 | (557     | ) |
| Other current liabilities     | (307                              | ) (410   | ) |
| Non-current liabilities       | (142                              | ) (1,276 | ) |
| Total liabilities assumed     | (630                              | ) (3,109 | ) |
| Net assets acquired           | \$1,348                           | \$1,437  |   |

<sup>(1)</sup> We purchased a 51% controlling interest in Whirlpool China's net assets described in the table; the non-controlling interest was valued at \$801 million, the market value of the stock price of the shares purchased on the date of acquisition.

Goodwill, which is not deductible for tax purposes, has been allocated to the Asia and EMEA operating segments on the basis that the cost efficiencies identified will primarily benefit these segments of the business based on the preliminary allocation of the purchase price of the respective acquisitions. Any changes to the preliminary estimates of the fair values of the assets and liabilities will be allocated to residual goodwill.

The Company's final estimates regarding the fair value of Whirlpool China and Indesit's identifiable intangible assets are presented below. These estimates did not change in the nine months ended September 30, 2015:

| Millions of dollars           | Whirlpool China      |                       | Indesit              |                       |
|-------------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                               | Estimated Fair Value | Estimated Useful Life | Estimated Fair Value | Estimated Useful Life |
| Trademarks-indefinite lived   | \$42                 |                       | \$535                |                       |
| Customer relationships        | 230                  | 13-16 years           | 134                  | 5-19 years            |
| Patents and other intangibles | 100                  | 3-10 years            | 153                  | 6-15 years            |
|                               | \$372                |                       | \$822                |                       |

The customer relationship intangibles of Whirlpool China were mainly allocated to its traditional trade distributors, which have an estimated useful life of up to 16 years based on low historical and projected customer attrition rates among its retailers. The majority of the intangible asset valuation for Indesit relates to the Indesit and Hotpoint brands (Whirlpool ownership of the Hotpoint brand in EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas), which are indefinite lived intangibles. The Company determined that its trademarks have an indefinite life which is based on a number of factors, including competitive environment, market share, brand history and product life cycles. The patents and other intangibles have an estimated useful life that varies based on the estimate of the expected life of the technology and the products associated with the technology. The estimated useful lives of the finite-lived intangible assets will be amortized using a straight-line method of amortization.

#### Pro Forma Results of Operations

The results of Whirlpool China and Indesit's operations have been included in the Consolidated Condensed Financial Statements beginning October 24, 2014 and October 14, 2014, respectively. The following table provides pro forma results of operations for the nine months ended September 30, 2014, as if Whirlpool China and Indesit had been acquired as of January 1, 2014. The pro forma results include certain purchase accounting adjustments such as the estimated changes in depreciation and amortization expense on acquired tangible and intangible assets as well as interest expense on borrowings used to finance the acquisitions. Additionally, the pro forma results include adjustments to convert Whirlpool China and Indesit's historical results from local accounting standards to U.S. GAAP. Pro forma results do not include any anticipated cost savings or other effects of the planned integration of these acquisitions. Accordingly, such amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the dates indicated or that may result in the future.

| Millions of dollars, except per share data | Nine Months Ended September 30, 2014 |
|--|--------------------------------------|
| Net sales                                  | \$17,046                             |
| Net earnings available to Whirlpool        | \$599                                |
| Diluted net earnings per share             | \$7.53                               |

Certain non-recurring acquisition-related costs and investment expenses of \$24 million and \$26 million were recorded by Whirlpool in the nine months ended September 30, 2014 related to the acquisitions of Whirlpool China and Indesit, respectively. Of these costs, \$29 million of the aggregate amount was recorded in selling, general and administrative, with the remaining costs recorded in interest and sundry income (expense). These costs have been eliminated from the pro forma information presented above.

#### (3) FAIR VALUE MEASUREMENTS

Fair value is measured based on an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions market participants would use in pricing an asset or liability. Assets and liabilities measured at fair value are based on a market valuation approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As a basis for considering such assumptions, a three-tiered fair value hierarchy is established, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets that are observable, either directly or indirectly; and (Level 3)

unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. We had no Level 3 assets or liabilities at September 30, 2015 and December 31, 2014.

Assets and liabilities measured at fair value on a recurring basis at September 30, 2015 and December 31, 2014 are in the following table:

| Millions of dollars               | Total Cost Basis |      | Fair Value |      |         |      | Total |      |
|-----------------------------------|------------------|------|------------|------|---------|------|-------|------|
|                                   | 2015             | 2014 | Level 1    |      | Level 2 |      | 2015  | 2014 |
| Money market funds <sup>(1)</sup> | \$15             | \$21 | \$15       | \$21 | \$—     | \$—  | \$15  | \$21 |
| Net derivative contracts          | —                | —    | —          | —    | (38     | ) (1 | ) (38 | ) (1 |
| Available for sale investments    | 14               | 16   | 23         | 26   | —       | —    | 23    | 26   |

<sup>(1)</sup> Money market funds are comprised primarily of government obligations and other first tier obligations.

#### Other Fair Value Measurements

The fair value of long-term debt (including current maturities) was \$4.1 billion and \$3.8 billion at September 30, 2015 and December 31, 2014, respectively, and was estimated using discounted cash flow analyses based on incremental borrowing rates for similar types of borrowing arrangements (Level 2 input).

#### (4) INVENTORIES

The following table summarizes our inventory for the periods presented:

| Millions of dollars                      | September 30,<br>2015 | December 31,<br>2014 |
|--|-----------------------|----------------------|
| Finished products                        | \$2,403               | \$2,189              |
| Raw materials and work in process        | 687                   | 724                  |
|  | 3,090                 | 2,913                |
| Less: excess of FIFO cost over LIFO cost | (147                  | ) (173               |
| Total inventories                        | \$2,943               | \$2,740              |

LIFO inventories represented 37% and 35% of total inventories at September 30, 2015 and December 31, 2014, respectively.

#### (5) PROPERTY, PLANT & EQUIPMENT

The following table summarizes our property, plant and equipment as of September 30, 2015 and December 31, 2014:

| Millions of dollars                | September 30,<br>2015 | December 31,<br>2014 |
|------------------------------------|-----------------------|----------------------|
| Land                               | \$133                 | \$142                |
| Buildings                          | 1,592                 | 1,616                |
| Machinery and equipment            | 7,923                 | 8,182                |
| Accumulated depreciation           | (5,964                | ) (5,959             |
| Property, plant and equipment, net | \$3,684               | \$3,981              |

During the nine months ended September 30, 2015, we disposed of \$102 million of buildings, machinery and equipment.

#### (6) FINANCING ARRANGEMENTS

##### Debt

In the fourth quarter of 2014, we assumed €300 million principal amount of 4.5% guaranteed notes due on April 26, 2018 from the Indesit acquisition. During the first quarter of 2015, holders of the notes passed a resolution which amended the terms and conditions of the notes so that they are better aligned to the terms and conditions of notes and bonds issued by Whirlpool Corporation. As a result of the passage of the resolution, Whirlpool has agreed to be a guarantor of the notes. These notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest.



On May 15, 2015, \$200 million of 5.00% notes matured and were repaid. On March 12, 2015, we completed a debt offering of €500 million (approximately \$525 million as of the date of issuance) principal amount of 0.625% notes due in 2020. The notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest. The notes are registered under the Securities Act of 1933, as amended, pursuant to our Registration Statement on Form S-3 (File No. 333-181339) filed with the Securities and Exchange Commission (the “Commission”) on May 11, 2012.

On September 25, 2015, we entered into an Amended and Restated Short-Term Credit Agreement (the “Amended 364-Day Facility”). The Amended 364-Day Facility has a maturity date of September 23, 2016, aggregate borrowing capacity of \$500 million and amends and restates in its entirety the Short-Term Credit Agreement entered into on September 26, 2014 (the “Original 364-Day Facility”).

We had no borrowings outstanding under the Amended 364-Day Facility at September 30, 2015 or the Original 364-Day Facility at December 31, 2014, respectively.

The interest and fee rates payable with respect to the Amended 364-Day Facility based on our current debt rating are unchanged from the Original 364-Day Facility and are as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.125%, as of the date hereof. The Amended 364-Day Facility contains customary covenants and warranties including, among other things, a rolling twelve month maximum leverage ratio limited to 3.25 to 1.0 for each fiscal quarter and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit our ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on its property; (iii) incur debt or off-balance sheet obligations at the subsidiary level; (iv) enter into transactions with affiliates, except on an arms-length basis; (v) enter into agreements restricting the payment of subsidiary dividends or restricting the making of loans or repayment of debt by subsidiaries; and (vi) enter into agreements restricting the creation of liens on its assets. We are in compliance with financial covenant requirements at September 30, 2015 and December 31, 2014.

#### Notes Payable

Notes payable, which consist of short-term borrowings payable to banks, debt securitization or commercial paper, are generally used to fund working capital requirements. The fair value of our notes payable approximates the carrying amount due to the short maturity of these obligations. The following table summarizes the carrying value of notes payable at September 30, 2015 and December 31, 2014:

| Millions of dollars            | September 30,<br>2015 | December 31,<br>2014 |
|--------------------------------|-----------------------|----------------------|
| Commercial paper               | \$656                 | \$387                |
| Debt securitization            | —                     | 35                   |
| Short-term borrowings to banks | 147                   | 147                  |
| Total notes payable            | \$803                 | \$569                |

Indesit, acquired by Whirlpool in the fourth quarter of 2014, had maintained a securitization program since 2010. The securitization involved the without-recourse sale of trade receivables by Indesit. The receivables were acquired by VIEs which were financed by the issuance of securities whose repayment was guaranteed by the cash flows generated by the receivables sold. Whirlpool stopped the sale of receivables related to the securitization beginning in December 2014, and this debt securitization was exited as planned through the first quarter of 2015. There are no outstanding balances as of September 30, 2015 related to the securitization program.

(7) COMMITMENTS AND CONTINGENCIES

Embraco Antitrust Matters

Beginning in February 2009, our compressor business headquartered in Brazil ("Embraco") was notified of antitrust investigations of the global compressor industry by government authorities in various jurisdictions. Embraco has resolved government investigations in various jurisdictions as well as all related civil lawsuits in the United States. Embraco also has resolved certain other claims and certain claims remain pending. Additional lawsuits could be filed.

At September 30, 2015, \$23 million remains accrued, with installment payments of \$15 million, plus interest, due at various times through 2015. We continue to defend these actions and take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

BEFIEEX Credits and Other Brazil Tax Matters

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEEX). These credits reduced Brazilian federal excise taxes on domestic sales, resulting in an increase in the operations' recorded net sales, as the credits were monetized. We did not monetize any BEFIEEX credits during the nine months ended September 30, 2015. We monetized \$14 million of BEFIEEX credits during the nine months ended September 30, 2014. We began recognizing BEFIEEX credits in accordance with prior favorable court decisions allowing for the credits to be recognized. We recognized export credits as they were monetized.

In December 2013, the Brazilian government reinstated the monetary adjustment index applicable to BEFIEEX credits that existed prior to July 2009, when the Brazilian government required companies to apply a different monetary adjustment index to BEFIEEX credits. As of September 30, 2015, no BEFIEEX credits deemed to be available prior to this action remained to be monetized. Whether use of the reinstated index should be given retroactive effect for the July 2009 to December 2013 period has been subject to review by the Brazilian courts. If the reinstated index is given retroactive effect, we would be entitled to recognize additional credits. We are awaiting the resolution of additional proceedings on the retroactive effect of the reinstated index.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe BEFIEEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of September 30, 2015. The total amount of outstanding tax assessments received for income and social contribution taxes relating to the BEFIEEX credits, including interest and penalties, is approximately 1.5 billion Brazilian reais (approximately \$380 million as of September 30, 2015).

Relying on existing Brazilian legal precedent, in 2003 and 2004, we recognized tax credits in an aggregate amount of \$26 million, adjusted for currency, on the purchase of raw materials used in production ("IPI tax credits"). The Brazilian tax authority subsequently challenged the recording of IPI tax credits. No credits have been recognized since 2004. In 2009, we entered into a Brazilian government program which provided extended payment terms and reduced penalties and interest to encourage tax payers to resolve this and certain other disputed tax credit amounts. As permitted by the program, we elected to settle certain debts through the use of other existing tax credits and recorded charges of approximately \$34 million in 2009 associated with these matters. In July 2012, the Brazilian revenue authority notified us that a portion of our proposed settlement was rejected and we received tax assessments of 216 million Brazilian reais (approximately \$54 million as of September 30, 2015), reflecting interest and penalties to date. We are disputing these assessments and we intend to vigorously defend our position. Based on the opinion of our tax and legal advisors, we have not recorded an additional reserve related to these matters.



In 2001, Brazil adopted a law making the profits of controlled foreign corporations of Brazilian entities subject to income and social contribution tax regardless of whether the profits were repatriated ("CFC Tax"). Our Brazilian subsidiary, along with other corporations, challenged tax assessments on foreign profits on constitutionality and other grounds. In April 2013, the Brazilian Supreme Court ruled on one of our cases, finding that the law is constitutional, but remanding the case to a lower court for consideration of other arguments raised in our appeal, including the existence of tax treaties with jurisdictions in which controlled foreign corporations are domiciled. As of September 30, 2015, our potential exposure for income and social contribution taxes relating to profits of controlled foreign corporations, including interest and penalties and net of expected foreign tax credits, is approximately 180 million Brazilian reais (approximately \$45 million as of September 30, 2015). We believe these assessments are without merit and we intend to continue to vigorously dispute them. Based on the opinion of our tax and legal advisors, we have not accrued any amount related to these assessments as of September 30, 2015.

In December 2013, we entered into a Brazilian government program to settle long standing disputes. Participation in the program removed uncertainty related to 16 assessments that were previously under dispute and significantly reduces potential penalties and interest associated with these matters. Our participation will result in total payments including principal, interest, and penalties of 75 million Brazilian reais, to be paid in 30 monthly installments, which began in December 2013. The outstanding balance of principal, interest, and penalties at September 30, 2015 is 38 million Brazilian reais (approximately \$10 million as of September 30, 2015).

In addition to the IPI tax credit and CFC Tax matters noted above, we are currently disputing other assessments issued by the Brazilian tax authorities related to non-income and income tax matters, including for the monetization of BEFIEX credits and other BEFIEX matters, which are at various stages of review in numerous administrative and judicial proceedings. In accordance with our accounting policies, we routinely assess these matters and, when necessary, record our best estimate of a loss. We believe these tax assessments are without merit and are vigorously defending our positions.

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve. Sessions of trial of the Brazilian administrative council of tax appeals, or CARF, are currently suspended for all litigants while changes in CARF procedures and staffing are being implemented, which may increase time and associated expense for our pending cases. The amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

#### Other Litigation

We are currently defending against numerous lawsuits pending in federal and state courts in the United States relating to certain of our front load washing machines. Some of these lawsuits have been certified for treatment as class actions. The complaints in these lawsuits generally allege violations of state consumer fraud acts, unjust enrichment, product liability claims and breach of warranty. The complaints generally seek compensatory, consequential and punitive damages. We believe these suits are without merit and are vigorously defending them. Given the preliminary stage of many of these proceedings, the Company cannot reasonably estimate a possible range of loss, if any, at this time. The resolution of one or more of these matters could have a material adverse effect on our financial position, liquidity, or results of operations.

In addition, we are currently defending a number of other lawsuits in federal and state courts in the United States related to the manufacturing and sale of our products which include class action allegations. These lawsuits allege claims which include breach of contract, breach of warranty, product liability claims, fraud, violation of federal and state consumer protection acts and negligence. We do not have insurance coverage for class action lawsuits. We are also involved in various other legal actions in the United States and other jurisdictions around the world arising in the normal course of business, for which insurance coverage may or may not be available depending on the nature of the action. We dispute the merits of these suits and actions, and intend to vigorously defend them. Management believes, based upon its current knowledge, after taking into consideration legal counsel's evaluation of such suits and actions, and after taking into account current litigation accruals, that the outcome of these matters currently pending against Whirlpool should not have a material adverse effect, if any, on our financial position, liquidity, or results of operations.

Other Matters

In 2013, the French Competition Authority commenced an investigation of appliance manufacturers and retailers in France. The investigation includes 11 manufacturers, including the Whirlpool and Indesit operations in France. Although it is currently not possible to assess the impact, if any, this matter may have on our Consolidated Condensed Financial Statements, the resolution of this matter could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

## Product Warranty Reserves

Product warranty reserves are included in other current and other noncurrent liabilities in our Consolidated Condensed Balance Sheets. The following table summarizes the changes in total product warranty reserves for the periods presented:

| Millions of dollars                  | Nine Months Ended September |        |
|--------------------------------------|-----------------------------|--------|
|                                      | 30,<br>2015                 | 2014   |
| Balance at January 1                 | \$235                       | \$191  |
| Issuances/accruals during the period | 474                         | 194    |
| Settlements made during the period   | (203                        | ) (206 |
| Balance at September 30              | \$506                       | \$179  |
| Current portion                      | \$326                       | \$141  |
| Non-current portion                  | 180                         | 38     |
| Total                                | \$506                       | \$179  |

In the normal course of business, we engage in investigations of potential quality and safety issues. As part of our ongoing effort to deliver quality products to customers, we are currently investigating a limited number of potential quality and safety issues. As necessary, we undertake to effect repair or replacement of appliances in the event that an investigation leads to the conclusion that such action is warranted.

In September 2015, we recorded a liability related to a corrective action affecting certain heritage Indesit products. We estimate the most probable cost of the corrective action is €245 million (approximately \$274 million as of September 30, 2015). Approximately 90% of the affected units were manufactured by Indesit prior to its acquisition by the Company in October 2014. Accordingly, we increased the warranty liability as a purchase accounting adjustment in the opening balance sheet with a corresponding increase to goodwill of €210 million (approximately \$235 million as of September 30, 2015). The remainder of the affected units were manufactured after the acquisition of Indesit and the related expense of €35 million (approximately \$39 million as of September 30, 2015) was recorded in the third quarter of 2015.

## Guarantees

We have guarantee arrangements in a Brazilian subsidiary. As a standard business practice in Brazil, the subsidiary guarantees customer lines of credit at commercial banks to support purchases following its normal credit policies. If a customer were to default on its line of credit with the bank, our subsidiary would be required to satisfy the obligation with the bank and the receivable would revert back to the subsidiary. At September 30, 2015 and December 31, 2014, the guaranteed amounts totaled \$231 million and \$492 million, respectively. Our subsidiary insures against credit risk for these guarantees, under normal operating conditions, through policies purchased from high-quality underwriters. We provide guarantees of indebtedness and lines of credit for various consolidated subsidiaries. The maximum amount of credit facilities available under these lines for consolidated subsidiaries totaled \$2.0 billion and \$2.6 billion at September 30, 2015 and December 31, 2014, respectively. Our total outstanding bank indebtedness under guarantees was nominal at September 30, 2015 and December 31, 2014.

We have guaranteed a \$45 million five-year revolving credit facility between certain financial institutions and a not-for-profit entity in connection with a community and economic development project (“Harbor Shores”). The credit facility, which originated in 2008, was refinanced in December 2012 and we renewed our guarantee through 2017. It was also amended in 2014 by Harbor Shores and reduced to \$45 million. The fair value of the guarantee was nominal. The purpose of Harbor Shores is to stimulate employment and growth in the areas of Benton Harbor and St. Joseph, Michigan. In the event of default, we must satisfy the guarantee of the credit facility up to the amount borrowed at the date of default.

## (8) HEDGES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are accounted for at fair value based on market rates. Derivatives where we elect hedge accounting are designated as either cash flow or fair value hedges. Derivatives that are not accounted for based on hedge accounting are marked to market through earnings. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. Hedging ineffectiveness and a net earnings

impact occur when the change in the fair value of the hedge does not offset the change in the fair value of the hedged item. The ineffective portion of the gain or loss is recognized in earnings.

Using derivative instruments means assuming counterparty credit risk. Counterparty credit risk relates to the loss we could incur if a counterparty were to default on a derivative contract. We generally deal with investment grade counterparties and monitor the overall credit risk and exposure to individual counterparties. We do not anticipate nonperformance by any counterparties. The amount of counterparty credit exposure is limited to the unrealized gains, if any, on such derivative contracts. We do not require nor do we post collateral or security on such contracts.

#### Hedging Strategy

In the normal course of business, we manage risks relating to our ongoing business operations including those arising from changes in foreign exchange rates, interest rates and commodity prices. Fluctuations in these rates and prices can affect our operating results and financial condition. We use a variety of strategies, including the use of derivative instruments, to manage these risks. We do not enter into derivative financial instruments for trading or speculative purposes.

#### Foreign Currency Exchange Rate Risk

We incur expenses associated with the procurement and production of products in a limited number of countries, while we sell in the local currencies of a large number of countries. Our primary foreign currency exchange exposures result from cross-currency sales of products. As a result, we enter into foreign exchange contracts to hedge certain firm commitments and forecasted transactions to acquire products and services that are denominated in foreign currencies.

We enter into certain undesignated non-functional currency asset and liability hedges that relate primarily to short-term payables, receivables and intercompany loans. These forecasted cross-currency cash flows relate primarily to foreign currency denominated expenditures and intercompany financing agreements, royalty agreements and dividends. When we hedge a foreign currency denominated payable or receivable with a derivative, the effect of changes in the foreign exchange rates are reflected currently in interest and sundry income (expense) for both the payable/receivable and the derivative. Therefore, as a result of the economic hedge, we do not elect hedge accounting.

#### Commodity Price Risk

We enter into commodity derivative contracts on various commodities to manage the price risk associated with forecasted purchases of materials used in our manufacturing process. The objective of these hedges is to reduce the variability of cash flows associated with the forecasted purchase of commodities.

#### Interest Rate Risk

We may enter into interest rate swap agreements to manage interest rate risk exposure. Our interest rate swap agreements, if any, effectively modify our exposure to interest rate risk, primarily through converting certain of our floating rate debt to a fixed rate basis, and certain fixed rate debt to a floating rate basis. These agreements involve either the receipt or payment of floating rate amounts in exchange for fixed rate interest payments or receipts, respectively, over the life of the agreements without an exchange of the underlying principal amounts. We also may utilize a cross-currency interest rate swap agreement to manage our exposure relating to certain intercompany debt denominated in one foreign currency that will be repaid in another foreign currency. At September 30, 2015 and December 31, 2014, there were no outstanding swap agreements.

We may enter into treasury rate lock agreements to effectively modify our exposure to interest rate risk by locking-in interest rates on probable long-term debt issuances.



The following table summarizes our outstanding derivative contracts and their effects on our Consolidated Condensed Balance Sheets at September 30, 2015 and December 31, 2014:

|   | Notional Amount |         | Fair Value of |      |                   |      | Type of Hedge <sup>(1)</sup> | Maximum Term (Months) |      |
|---|-----------------|---------|---------------|------|-------------------|------|------------------------------|-----------------------|------|
|   |                 |         | Hedge Assets  |      | Hedge Liabilities |      |                              | 2015                  | 2014 |
| Millions of dollars                           | 2015            | 2014    | 2015          | 2014 | 2015              | 2014 |                              | 2015                  | 2014 |
| Derivatives accounted for as hedges           |                 |         |               |      |                   |      |                              |                       |      |
| Foreign exchange forwards/options             | \$943           | \$874   | \$35          | \$27 | \$13              | \$8  | (CF)                         | 15                    | 17   |
| Commodity swaps/options                       | 333             | 375     | —             | 4    | 64                | 29   | (CF)                         | 35                    | 36   |
| Total derivatives accounted for as hedges     |                 |         | \$35          | \$31 | \$77              | \$37 |                              |                       |      |
| Derivatives not accounted for as hedges       |                 |         |               |      |                   |      |                              |                       |      |
| Foreign exchange forwards/options             | \$2,410         | \$2,358 | \$26          | \$34 | \$22              | \$29 | N/A                          | 8                     | 10   |
| Commodity swaps/options                       | 5               | 8       | —             | —    | —                 | —    | N/A                          | 8                     | 4    |
| Total derivatives not accounted for as hedges |                 |         | 26            | 34   | 22                | 29   |                              |                       |      |
| Total derivatives                             |                 |         | \$61          | \$65 | \$99              | \$66 |                              |                       |      |
| Current                                       |                 |         | \$61          | \$64 | \$82              | \$59 |                              |                       |      |
| Noncurrent                                    |                 |         | —             | 1    | 17                | 7    |                              |                       |      |
| Total derivatives                             |                 |         | \$61          | \$65 | \$99              | \$66 |                              |                       |      |

<sup>(1)</sup> Derivatives accounted for as hedges are considered cash flow (CF) hedges.

The following tables summarize the effects of derivative instruments on our Consolidated Condensed Statements of Comprehensive Income for the three and nine months ended as follows:

|  | Three Months Ended September 30,                  |      |   |      |
|--|---|------|---|------|
|  | Gain (Loss) Recognized in OCI (Effective Portion) |      | Gain Reclassified from OCI into Earnings (Effective Portion) <sup>(1)</sup> |      |
|  | 2015  | 2014 | 2015  | 2014 |
| Cash Flow Hedges - Millions of dollars |   |      |   |      |
| Foreign exchange                       | \$41  | \$23 | \$18  | \$4  |
| Commodity swaps/options                | (49 )   | (8 ) | (16 )   | —    |
|  | \$(8 )  | \$15 | \$2   | \$4  |

|   | Three Months Ended September 30, Gain Recognized on Derivatives not Accounted for as Hedges <sup>(2)</sup> |         |
|---|--|---------|
|   | 2015   | 2014    |
| Derivatives not Accounted for as Hedges - Millions of dollars |  |         |
| Foreign exchange forwards/options                             | \$(13 )  | \$(33 ) |

| Cash Flow Hedges - Millions of dollars | Nine Months Ended September 30,                         |        |   |      |       |
|--|---|--------|---|------|-------|
|  | Gain (Loss)<br>Recognized in OCI<br>(Effective Portion) |        | Gain Reclassified from<br>OCI into Earnings<br>(Effective Portion) <sup>(1)</sup> |      |       |
|  | 2015  | 2014   | 2015  | 2014 |       |
| Foreign exchange                       | \$51  | \$27   | \$42  | \$13 | (a)   |
| Commodity swaps/options                | (81   | ) (2   | ) (37   | ) (8 | ) (a) |
| Interest rate derivatives              | —   | —      | (1  | ) (1 | ) (b) |
|  | \$ (30  | ) \$25 | \$4   | \$4  |       |

| Derivatives not Accounted for as Hedges - Millions of dollars | Nine Months Ended<br>September 30,<br>Gain Recognized on<br>Derivatives not<br>Accounted for as Hedges<br><sup>(2)</sup> |      |
|---|--|------|
|   | 2015   | 2014 |
| Foreign exchange forwards/options                             | \$19   | \$2  |

Derivatives not Accounted for as Hedges - Millions of dollars

Foreign exchange forwards/options

<sup>(1)</sup> Gains and losses reclassified from accumulated OCI and recognized in income are recorded in (a) cost of products sold or (b) interest expense.

<sup>(2)</sup> Mark to market gains and losses recognized in income are recorded in interest and sundry income (expense).

For cash flow hedges, the amount of ineffectiveness recognized in interest and sundry income (expense) was nominal for the periods ended September 30, 2015 and 2014. There were no fair value hedges in 2015 and 2014. The net amount of unrealized gain or loss on derivative instruments included in accumulated OCI related to contracts maturing and expected to be realized during the next twelve months is nominal at September 30, 2015.

#### (9) STOCKHOLDERS' EQUITY

Other Comprehensive Income (Loss)

The following table summarizes our other comprehensive income (loss) and related tax effects for the periods presented:

| Millions of dollars  | Three Months Ended September 30, |            |          |          |            |          |
|--|----------------------------------|------------|----------|----------|------------|----------|
|  | 2015                             |            |          | 2014     |            |          |
|  | Pre-tax                          | Tax Effect | Net      | Pre-tax  | Tax Effect | Net      |
| Currency translation adjustments                                     | \$(197                           | )\$—       | \$(197   | ) \$(198 | )\$—       | \$(198   |
| Cash flow hedges   | (10                              | )2         | (8       | ) 11     | (4         | )7       |
| Pension and other postretirement benefits plans                      | 9                                | (4         | )5       | 3        | (2         | )1       |
| Available for sale securities  | (5                               | )—         | (5       | ) (6     | )—         | (6       |
| Other comprehensive loss   | (203                             | ) (2       | ) (205   | ) (190   | ) (6       | ) (196   |
| Less: Other comprehensive loss available to noncontrolling interests | (6                               | )—         | (6       | ) (3     | )—         | (3       |
| Other comprehensive loss available to Whirlpool                      | \$(197                           | ) \$(2     | ) \$(199 | ) \$(187 | ) \$(6     | ) \$(193 |
| Millions of dollars  | Nine Months Ended September 30,  |            |          |          |            |          |
|  | 2015                             |            |          | 2014     |            |          |
|  | Pre-tax                          | Tax Effect | Net      | Pre-tax  | Tax Effect | Net      |
| Currency translation adjustments                                     | \$(343                           | )\$—       | \$(343   | ) \$(164 | )\$—       | \$(164   |
| Cash flow hedges   | (34                              | )8         | (26      | ) 21     | (8         | )13      |
| Pension and other postretirement benefits plans                      | (17                              | )8         | (9       | ) (11    | )6         | (5       |
| Available for sale securities  | (1                               | )—         | (1       | ) 1      | —          | 1        |

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|  |          |      |          |          |        |          |
|--|----------|------|----------|----------|--------|----------|
| Other comprehensive income (loss)                                    | (395 )   | 16   | (379 )   | (153 )   | (2 )   | (155 )   |
| Less: Other comprehensive loss available to noncontrolling interests | (8 )     | —    | (8 )     | (2 )     | —      | (2 )     |
| Other comprehensive income (loss) available to Whirlpool             | \$(387 ) | \$16 | \$(371 ) | \$(151 ) | \$(2 ) | \$(153 ) |

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## Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

The following table provides the reclassification adjustments out of accumulated other comprehensive loss, by component, that was included in net earnings for the three and nine months ended September 30, 2015:

| Millions of dollars                          | Three Months Ended | Nine Months Ended | Classification in Earnings            |
|--|--------------------|-------------------|---------------------------------------|
|  | Gain Reclassified  | Gain Reclassified |                                       |
| Cash flow hedges, pre-tax                    | \$(2               | ) \$(4            | ) Cost of products sold               |
| Pension and postretirement benefits, pre-tax | (6                 | ) (27             | ) Selling, general and administrative |

The following table summarizes the changes in stockholders' equity for the period presented:

| Millions of dollars                      | Total   | Whirlpool Common Stockholders | Noncontrolling Interests |
|--|---------|-------------------------------|--------------------------|
| Stockholders' equity, December 31, 2014  | \$5,796 | \$4,885                       | \$ 911                   |
| Net earnings                             | 633     | 603                           | 30                       |
| Other comprehensive loss                 | (379    | ) (371                        | ) (8                     |
| Comprehensive income                     | 254     | 232                           | 22                       |
| Treasury stock                           | (95     | ) (95                         | ) —                      |
| Additional paid-in capital               | 42      | 42                            | —                        |
| Dividends declared on common stock       | (208    | ) (201                        | ) (7                     |
| Stockholders' equity, September 30, 2015 | \$5,789 | \$4,863                       | \$ 926                   |

## Net Earnings per Share

Diluted net earnings per share of common stock include the dilutive effect of stock options and other share-based compensation plans. Basic and diluted net earnings per share of common stock for the periods presented were calculated as follows:

| Millions of dollars and shares   | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|--|----------------------------------|-------|---------------------------------|-------|
|  | 2015                             | 2014  | 2015                            | 2014  |
| Numerator for basic and diluted earnings per share - Net earnings available to Whirlpool | \$235                            | \$230 | \$603                           | \$569 |
| Denominator for basic earnings per share – weighted-average shares                       | 78.8                             | 78.4  | 78.9                            | 78.3  |
| Effect of dilutive securities – share-based compensation                                 | 0.9                              | 1.2   | 1.0                             | 1.1   |
| Denominator for diluted earnings per share – adjusted weighted-average shares            | 79.7                             | 79.6  | 79.9                            | 79.4  |
| Anti-dilutive stock options/awards excluded from earnings per share                      | 0.3                              | 0.2   | 0.2                             | 0.3   |

## Repurchase Program

On April 14, 2014, our Board of Directors authorized a share repurchase program of up to \$500 million. Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us to repurchase any of our shares. During the nine months ended September 30, 2015, we repurchased 520,600 shares at an aggregate purchase price of approximately \$95 million under this program. At September 30, 2015, there were approximately \$380 million in remaining funds authorized under this program.

## (10) RESTRUCTURING CHARGES

During 2014 and the nine months ended September 30, 2015, we announced the following restructuring plans: (a) the closure of a microwave oven manufacturing facility and other organizational efficiency actions in EMEA and Latin America, (b) organizational integration activities in China and Europe to support the integration of the acquisitions of Whirlpool China and Indesit, and (c) the closure of a research and development facility in Germany in 2016.



In the second quarter of 2015, we committed to a restructuring plan to integrate our Italian legacy operations with those of Indesit. The industrial restructuring plan, which was approved by the relevant labor unions in July 2015 and signed by the Italian government in August 2015, provides for the closure or repurposing of certain manufacturing facilities and headcount reductions at other facilities. In addition, the restructuring plan provides for headcount reductions in the salaried employee workforce.

We estimate that we will incur up to €179 million (approximately \$200 million as of September 30, 2015) in employee-related costs, €25 million (approximately \$28 million as of September 30, 2015) in asset impairment costs, and €37 million (approximately \$41 million as of September 30, 2015) in other associated costs in connection with these actions. Completion of these plans is expected by the end of 2018. We estimate €209 million (approximately \$233 million as of September 30, 2015) of the estimated €241 million total cost will result in future cash expenditures. The following table summarizes the change in our combined restructuring liability for the period ended September 30, 2015:

| Millions of dollars        | December 31, 2014 | Charge to Earnings | Cash Paid | Non-cash and Other | Revision of Estimate | September 30, 2015 |
|----------------------------|-------------------|--------------------|-----------|--------------------|----------------------|--------------------|
| Employee termination costs | \$ 58             | \$ 110             | \$(98)    | \$—                | \$3                  | \$ 73              |
| Asset impairment costs     | —                 | 14                 | —         | (14)               | —                    | —                  |
| Facility exit costs        | 4                 | 7                  | (6)       | —                  | —                    | 5                  |
| Other exit costs           | 16                | 14                 | (15)      | —                  | —                    | 15                 |
| Total                      | \$ 78             | \$ 145             | \$(119)   | \$(14)             | \$3                  | \$ 93              |

The following table summarizes the restructuring charges by operating segment as of September 30, 2015:

| Millions of dollars | September 30, 2015 |
|---------------------|--------------------|
| North America       | \$ 8               |
| Latin America       | 22                 |
| EMEA                | 108                |
| Corporate / Other   | 7                  |
| Total               | \$ 145             |

#### (11) INCOME TAXES

Income tax expense was \$17 million and \$116 million for the three and nine months ended September 30, 2015 compared to income tax expense of \$26 million and \$126 million in the same periods of 2014. For the three and nine months ended September 30, 2015, changes in the effective tax rate from the prior period include tax planning strategies made available in 2015 resulting in releases of tax valuation allowances. The following table summarizes the difference between income tax expense at the United States statutory rate of 35% and the income tax expense at effective worldwide tax rates for the respective periods:

| Millions of dollars   | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|---|----------------------------------|-------|---------------------------------|-------|
|   | 2015                             | 2014  | 2015                            | 2014  |
| Earnings before income taxes                                    | \$267                            | \$261 | \$749                           | \$710 |
| Income tax expense computed at United States statutory tax rate | 93                               | 91    | 262                             | 249   |
| Valuation allowance release                                     | (68)                             | (25)  | (126)                           | (38)  |
| U.S. foreign income items, net of credits                       | (18)                             | (34)  | (32)                            | (59)  |
| Foreign government tax incentive (including BEFIEX in 2014)     | —                                | (10)  | (8)                             | (20)  |
| Other   | 10                               | 4     | 20                              | (6)   |
| Income tax expense computed at effective worldwide tax rates    | \$17                             | \$26  | \$116                           | \$126 |

At the end of each interim period, we make our best estimate of the effective tax rate expected to be applicable for the full fiscal year and the impact of discrete items, if any, and adjust the quarterly rate as necessary.

## (12) PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The following table summarizes the components of net periodic pension cost and the cost of other postretirement benefits for the periods presented:

| Millions of dollars                    | Three Months Ended September 30, |        |                  |      |                      |        |   |
|--|----------------------------------|--------|------------------|------|----------------------|--------|---|
|  | United States                    |        | Foreign          |      | Other Postretirement |        |   |
|  | Pension Benefits                 |        | Pension Benefits |      | Benefits             |        |   |
|  | 2015                             | 2014   | 2015             | 2014 | 2015                 | 2014   |   |
| Service cost                           | \$1                              | \$1    | \$1              | \$1  | \$1                  | \$1    |   |
| Interest cost                          | 37                               | 42     | 8                | 4    | 4                    | 7      |   |
| Expected return on plan assets         | (48                              | ) (49  | ) (8             | ) (2 | ) —                  | —      |   |
| Amortization:                          |                                  |        |                  |      |                      |        |   |
| Actuarial loss                         | 13                               | 11     | 1                | 1    | —                    | —      |   |
| Prior service credit                   | —                                | —      | —                | —    | (5                   | ) (10  | ) |
| Settlement and curtailment (gain) loss | —                                | —      | 1                | —    | (16                  | ) —    |   |
| Net periodic benefit cost (credit)     | \$3                              | \$5    | \$3              | \$4  | \$(16                | ) \$(2 | ) |
|  | Nine Months Ended September 30,  |        |                  |      |                      |        |   |
|  | United States                    |        | Foreign          |      | Other Postretirement |        |   |
|  | Pension Benefits                 |        | Pension Benefits |      | Benefits             |        |   |
|  | 2015                             | 2014   | 2015             | 2014 | 2015                 | 2014   |   |
| Service cost                           | \$2                              | \$2    | \$4              | \$4  | \$2                  | \$2    |   |
| Interest cost                          | 112                              | 126    | 23               | 13   | 14                   | 19     |   |
| Expected return on plan assets         | (143                             | ) (145 | ) (25            | ) (8 | ) —                  | —      |   |
| Amortization:                          |                                  |        |                  |      |                      |        |   |
| Actuarial loss                         | 40                               | 32     | 4                | 4    | —                    | —      |   |
| Prior service credit                   | (2                               | ) (2   | ) —              | —    | (19                  | ) (29  | ) |
| Settlement and curtailment (gain) loss | —                                | —      | 13               | 2    | (63                  | ) —    |   |
| Net periodic benefit cost (credit)     | \$9                              | \$13   | \$19             | \$15 | \$(66                | ) \$(8 | ) |

During the first quarter of 2015, we recognized approximately \$47 million from a curtailment gain due to the elimination of amounts credited to notional retiree health accounts for certain employees under age 50. The curtailment gain was recognized in our Consolidated Condensed Statement of Comprehensive Income with \$43 million recorded in cost of products sold and the remaining balance in selling, general and administrative, with an offset to accumulated other comprehensive loss, net of tax.

During the third quarter of 2015, we recognized approximately \$16 million from a curtailment gain due to the elimination of retiree medical eligibility for certain employees under age 50. The curtailment gain was recognized in our Consolidated Condensed Statement of Comprehensive Income with \$11 million recorded in cost of products sold and the remaining balance in selling, general and administrative, with an offset to accumulated other comprehensive loss, net of tax.

## (13) OPERATING SEGMENT INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance.

We identify such segments based upon geographical regions of operations because each operating segment manufactures home appliances and related components, but serves strategically different markets. The chief operating decision maker evaluates performance based upon each segment's operating income, which is defined as income before interest and sundry income (expense), interest expense, income taxes, noncontrolling interests, intangible asset impairment and restructuring costs. Total assets by segment are those assets directly associated with the respective operating activities. The "Other/Eliminations" column primarily includes corporate expenses, assets and eliminations, as well as restructuring costs and intangible asset impairments, if any. Intersegment sales are eliminated within each region except compressor sales out of Latin America, which are included in Other/Eliminations.





The tables below summarize performance by operating segment for the periods presented:

| Three Months Ended September 30, |               |               |         |         |                        |                    |
|----------------------------------|---------------|---------------|---------|---------|------------------------|--------------------|
| OPERATING SEGMENTS               |               |               |         |         |                        |                    |
| Millions of dollars              | North America | Latin America | EMEA    | Asia    | Other/<br>Eliminations | Total<br>Whirlpool |
| Net sales                        |               |               |         |         |                        |                    |
| 2015                             | \$2,791       | \$751         | \$1,452 | \$346   | \$(63 )                | \$5,277            |
| 2014                             | 2,792         | 1,131         | 785     | 157     | (41 )                  | 4,824              |
| Intersegment sales               |               |               |         |         |                        |                    |
| 2015                             | 51            | 55            | 9       | 77      | (192 )                 | —                  |
| 2014                             | 54            | 43            | 19      | 70      | (186 )                 | —                  |
| Depreciation and amortization    |               |               |         |         |                        |                    |
| 2015                             | 64            | 13            | 47      | 15      | 26                     | 165                |
| 2014                             | 73            | 22            | 22      | 5       | 14                     | 136                |
| Operating profit (loss)          |               |               |         |         |                        |                    |
| 2015                             | 349           | 31            | 32      | 24      | (107 )                 | 329                |
| 2014                             | 304           | 118           | 9       | (8 )    | (88 )                  | 335                |
| Total assets                     |               |               |         |         |                        |                    |
| September 30, 2015               | 7,945         | 2,304         | 7,479   | 2,743   | (848 )                 | 19,623             |
| December 31, 2014                | 7,736         | 2,917         | 7,597   | 2,734   | (982 )                 | 20,002             |
| Capital expenditures             |               |               |         |         |                        |                    |
| 2015                             | 52            | 26            | 36      | (9 )    | 18                     | 123                |
| 2014                             | 72            | 40            | 22      | 3       | 20                     | 157                |
| Nine Months Ended September 30,  |               |               |         |         |                        |                    |
| OPERATING SEGMENTS               |               |               |         |         |                        |                    |
| Millions of dollars              | North America | Latin America | EMEA    | Asia    | Other/<br>Eliminations | Total<br>Whirlpool |
| Net sales                        |               |               |         |         |                        |                    |
| 2015                             | \$7,819       | \$2,504       | \$4,059 | \$1,105 | \$(156 )               | \$15,331           |
| 2014                             | 7,798         | 3,410         | 2,251   | 534     | (124 )                 | 13,869             |
| Intersegment sales               |               |               |         |         |                        |                    |
| 2015                             | 170           | 157           | 34      | 205     | (566 )                 | —                  |
| 2014                             | 169           | 128           | 68      | 201     | (566 )                 | —                  |
| Depreciation and amortization    |               |               |         |         |                        |                    |
| 2015                             | 195           | 50            | 154     | 46      | 51                     | 496                |
| 2014                             | 194           | 66            | 59      | 16      | 62                     | 397                |
| Operating profit (loss)          |               |               |         |         |                        |                    |
| 2015                             | 912           | 126           | 100     | 75      | (308 )                 | 905                |
| 2014                             | 817           | 328           | 18      | 1       | (257 )                 | 907                |
| Total assets                     |               |               |         |         |                        |                    |
| September 30, 2015               | 7,945         | 2,304         | 7,479   | 2,743   | (848 )                 | 19,623             |
| December 31, 2014                | 7,736         | 2,917         | 7,597   | 2,734   | (982 )                 | 20,002             |
| Capital expenditures             |               |               |         |         |                        |                    |
| 2015                             | 169           | 69            | 108     | 9       | 36                     | 391                |
| 2014                             | 187           | 102           | 70      | 10      | 53                     | 422                |

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
 ABOUT WHIRLPOOL

Whirlpool is the number one major appliance manufacturer in the world with net sales of approximately \$20 billion and net earnings available to Whirlpool of \$650 million in 2014. We are a leading producer of major home appliances in North America, Latin America and Europe, and have a significant presence throughout China and India. We have received worldwide recognition for accomplishments in a variety of business and social efforts, including leadership, diversity, innovative product design, business ethics, social responsibility and community involvement. We conduct our business through four reportable segments, which we define based on geography. Our reportable segments consist of North America, Latin America, EMEA (Europe, Middle East and Africa) and Asia. Our customer base includes large, sophisticated trade customers who have many choices and demand competitive products, services and prices. The major home appliance industry operates in an intensely competitive environment, reflecting the impact of both new and established global competitors, including Asian and European manufacturers.

We monitor country-specific economic factors such as gross domestic product, unemployment, consumer confidence, retail trends, housing starts and completions, sales of existing homes and mortgage interest rates as key indicators of industry demand. In addition to profitability, we also focus on country, brand, product and channel sales when assessing and forecasting financial results.

Our leading portfolio of brands includes Whirlpool, Maytag, KitchenAid, Embraco, Brastemp, Consul and Indesit, each of which generates annual revenues in excess of \$1 billion. Our global branded consumer products strategy is to introduce innovative new products, increase brand customer loyalty, expand our presence outside the United States, enhance our trade management platform, improve total cost and quality by expanding and leveraging our global operating platform and, where appropriate, make strategic acquisitions and investments.

As we grow revenues in our core products, our strategy is to extend our business by offering products and services that are dependent on and related to our core business and expand into adjacent products, such as Affresh cleaners and Gladiator GarageWorks, through businesses that leverage our core competencies and business infrastructure.

RESULTS OF OPERATIONS

The following table summarizes the consolidated results of operations for the periods presented:

| Consolidated - Millions of dollars, except per share data | Three Months Ended September 30, |         |         | Nine Months Ended September 30, |          |         |   |  |
|---|----------------------------------|---------|---------|---------------------------------|----------|---------|---|--|
|   | 2015                             | 2014    | Change  | 2015                            | 2014     | Change  |   |  |
| Net sales   | \$5,277                          | \$4,824 | 9.4     | % \$15,331                      | \$13,869 | 10.5    | % |  |
| Gross margin  | 930                              | 827     | 12.4    | % 2,688                         | 2,369    | 13.4    | % |  |
| Selling, general and administrative                       | 529                              | 448     | 17.6    | % 1,583                         | 1,344    | 17.7    | % |  |
| Restructuring costs                                       | 54                               | 38      | 46.0    | % 145                           | 101      | 44.7    | % |  |
| Interest and sundry income (expense)                      | (21 )                            | (39 )   | (46.4 ) | % (32 )                         | (78 )    | (59.5 ) | % |  |
| Interest expense  | (41 )                            | (35 )   | 15.2    | % (124 )                        | (119 )   | 4.1     | % |  |
| Income tax expense  | 17                               | 26      | (34.5 ) | % 116                           | 126      | (8.3 )  | % |  |
| Net earnings available to Whirlpool                       | 235                              | 230     | 2.5     | % 603                           | 569      | 6.0     | % |  |
| Diluted net earnings available to Whirlpool per share     | \$2.95                           | \$2.88  | 2.3     | % \$7.54                        | \$7.16   | 5.4     | % |  |

## Consolidated Net Sales

The following tables summarize units sold and consolidated net sales by region for the periods ended September 30:

| Region             | Units Sold (in thousands) |         |          |                   |          |          |
|--------------------|---------------------------|---------|----------|-------------------|----------|----------|
|                    | Three Months Ended        |         |          | Nine Months Ended |          |          |
|                    | 2015                      | 2014    | Change   | 2015              | 2014     | Change   |
| North America      | 6,897                     | 6,933   | (0.5 )%  | 19,176            | 19,022   | 0.8 %    |
| Latin America      | 2,114                     | 2,981   | (29.1 )% | 7,009             | 8,915    | (21.4 )% |
| EMEA               | 6,491                     | 3,141   | 106.7 %  | 18,117            | 8,732    | 107.5 %  |
| Asia               | 1,938                     | 832     | 132.8 %  | 6,045             | 2,731    | 121.3 %  |
| Consolidated       | 17,440                    | 13,887  | 25.6 %   | 50,347            | 39,400   | 27.8 %   |
| Region             | Net Sales (in millions)   |         |          |                   |          |          |
|                    | Three Months Ended        |         |          | Nine Months Ended |          |          |
|                    | 2015                      | 2014    | Change   | 2015              | 2014     | Change   |
| North America      | \$2,791                   | \$2,792 | — %      | \$7,819           | \$7,798  | 0.3 %    |
| Latin America      | 751                       | 1,131   | (33.6 )% | 2,504             | 3,410    | (26.6 )% |
| EMEA               | 1,452                     | 785     | 84.8 %   | 4,059             | 2,251    | 80.3 %   |
| Asia               | 346                       | 157     | 120.0 %  | 1,105             | 534      | 107.0 %  |
| Other/eliminations | (63 )                     | (41 )   | nm       | (156 )            | (124 )   | nm       |
| Consolidated       | \$5,277                   | \$4,824 | 9.4 %    | \$15,331          | \$13,869 | 10.5 %   |

nm: not meaningful

Consolidated net sales increased 9.4% and 10.5% for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The increase for the three months ended was primarily driven by increased volume due to acquisitions and favorable product/price mix, partially offset by unfavorable impact from foreign currency. The increase for the nine months ended September 30, 2015 was primarily driven by increased volume due to acquisitions and favorable product/price mix, partially offset by unfavorable impact from foreign currency and no monetization of BEFIEX credits. Excluding the impact of foreign currency and BEFIEX credits, consolidated net sales for the three and nine months ended September 30, 2015 increased 24.6% and 24.1% compared to the same periods in 2014.

We provide the percentage change in net sales, excluding the impact of foreign currency and BEFIEX credits, as a supplement to the change in net sales as determined by U.S. generally accepted accounting principles ("GAAP") to provide stockholders with a clearer basis to assess Whirlpool's results over time. This measure is considered a non-GAAP financial measure and is calculated by translating the current period net sales excluding BEFIEX credits, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales excluding BEFIEX credits.

Significant regional trends were as follows:

North America net sales were comparable for the three and nine months ended September 30, 2015 and 2014.

Excluding the impact from foreign currency, net sales increased 2.8% and 2.1% for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

Latin America net sales decreased 33.6% and 26.6% for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The decrease for the three and nine months ended September 30, 2015 was primarily driven by decreased industry demand and an unfavorable impact from foreign currency, partially offset by a favorable impact from product/price mix. Excluding the impact from foreign currency and BEFIEX, net sales decreased 6.9% and 5.8% for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

We did not monetize any BEFIEX credits during the three months ended September 30, 2015 or 2014. We did not monetize any BEFIEX credits during the nine months ended September 30, 2015 compared to \$14 million for the same period in 2014. As of September 30, 2015, approximately \$35 million of future cash monetization for court awarded fees subject to a separate agreement remained, which is not expected to be payable for several years. For additional information regarding BEFIEX credits, see Note 7 of the Notes to the Consolidated Condensed Financial Statements.



EMEA net sales increased 84.8% and 80.3% for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The increase for the three and nine months ended September 30, 2015 was primarily driven by increased volume due to the acquisition of Indesit and favorable impact of product/price mix, partially offset by an unfavorable impact from foreign currency. Excluding the impact from foreign currency, net sales increased 127.9% and 124.6% for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

Asia net sales increased 120.0% and 107.0% for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The increase for the three months ended September 30, 2015 was primarily driven by increased volume due to the acquisition of Whirlpool China and favorable product/price mix, partially offset by an unfavorable impact from foreign currency. The increase for the nine months ended September 30, 2015 was primarily driven by increased volume due to the acquisition of Whirlpool China, partially offset by an unfavorable impact from foreign currency and unfavorable impact of product/price mix. Excluding the impact from foreign currency, net sales increased 127.9% and 111.5% for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

#### Gross Margin

The table below summarizes gross margin percentages by region:

| Percentage of net sales | Three Months Ended September 30, |        |             | Nine Months Ended September 30, |        |             |
|-------------------------|----------------------------------|--------|-------------|---------------------------------|--------|-------------|
|                         | 2015                             | 2014   | Change      | 2015                            | 2014   | Change      |
| North America           | 19.7                             | % 17.7 | % 2.0 pts   | 19.0                            | % 17.9 | % 1.1 pts   |
| Latin America           | 14.7                             | % 18.6 | % (3.9) pts | 14.7                            | % 17.5 | % (2.8) pts |
| EMEA                    | 12.9                             | % 12.3 | % 0.6 pts   | 14.1                            | % 12.6 | % 1.5 pts   |
| Asia                    | 24.1                             | % 15.9 | % 8.2 pts   | 23.6                            | % 17.0 | % 6.6 pts   |
| Consolidated            | 17.6                             | % 17.1 | % 0.5 pts   | 17.5                            | % 17.1 | % 0.4 pts   |

The consolidated gross margin percentage increased for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The increase for the three months ended was primarily due to benefits from ongoing cost productivity and product/price mix, partially offset by an unfavorable impact from foreign currency and heritage Indesit product corrective action costs. The increase for the nine months ended primarily due to benefits from ongoing cost productivity and the recognition of postretirement-benefit curtailment gains in North America, partially offset by an unfavorable impact from foreign currency, heritage Indesit product corrective action costs, and no monetization of BEFIEX credits.

Significant regional trends were as follows:

North America gross margin increased for the three months ended September 30, 2015 compared to the same period in 2014, primarily due to benefits from ongoing cost productivity and lower material costs, partially offset by an unfavorable impact from foreign currency. North America gross margin increased for the nine months ended September 30, 2015 compared to the same period in 2014, primarily due to benefits from ongoing cost productivity, lower material costs and recognition of postretirement-benefit curtailment gains, partially offset by an unfavorable impact from foreign currency.

Latin America gross margin decreased for the three months ended September 30, 2015 compared to the same period in 2014, primarily due to unfavorable impacts from foreign currency and decreased industry demand, partially offset by favorable product/price mix. Latin America gross margin decreased for the nine months ended September 30, 2015 compared to the same period in 2014, primarily due to an unfavorable impact from foreign currency, decreased industry demand and no monetization of BEFIEX credits, partially offset by favorable impacts from product/price mix and benefits from ongoing cost productivity.

EMEA gross margin increased for the three and nine months ended September 30, 2015 compared to the same period in 2014, primarily due to favorable impacts from the integration of Indesit, ongoing cost productivity and the benefits of cost reduction, partially offset by an unfavorable impact from foreign currency and heritage Indesit product corrective action costs.

Asia gross margin increased for the three and nine months ended September 30, 2015 compared to the same period in 2014, primarily due to favorable impacts from the integration of Whirlpool China, lower material costs and the benefits from ongoing cost reductions.



## Selling, General and Administrative

The following table summarizes selling, general and administrative expenses as a percentage of net sales by region:

| Millions of dollars | Three Months Ended September 30, |                     |        |                     | Nine Months Ended September 30, |                     |          |                     |
|---------------------|----------------------------------|---------------------|--------|---------------------|---------------------------------|---------------------|----------|---------------------|
|                     | 2015                             | As a % of Net Sales | 2014   | As a % of Net Sales | 2015                            | As a % of Net Sales | 2014     | As a % of Net Sales |
| North America       | \$ 195                           | 7.0 %               | \$ 184 | 6.6 %               | \$ 558                          | 7.1 %               | \$ 563   | 7.2 %               |
| Latin America       | 78                               | 10.4 %              | 92     | 8.1 %               | 240                             | 9.6 %               | 266      | 7.8 %               |
| EMEA                | 149                              | 10.2 %              | 86     | 10.9 %              | 451                             | 11.1 %              | 263      | 11.7 %              |
| Asia                | 54                               | 15.6 %              | 33     | 20.9 %              | 167                             | 15.1 %              | 90       | 16.8 %              |
| Corporate/other     | 53                               | —                   | 53     | —                   | 167                             | —                   | 162      | —                   |
| Consolidated        | \$ 529                           | 10.0 %              | \$ 448 | 9.3 %               | \$ 1,583                        | 10.3 %              | \$ 1,344 | 9.7 %               |

Compared to 2014, consolidated selling, general and administrative expenses increased as a percent of net sales, acquisition related costs and the delevering effect of weaker demand in Brazil primarily due to acquisitions.

## Restructuring

We incurred restructuring charges of \$54 million and \$145 million for the three and nine months ended September 30, 2015, compared to \$38 million and \$101 million for the same periods in 2014.

During 2014 and the nine months ended September 30, 2015, we announced the following restructuring plans: (a) the closure of a microwave oven manufacturing facility and other organizational efficiency actions in EMEA and Latin America, (b) organizational integration activities in China and Europe to support the integration of the acquisitions of Whirlpool China and Indesit, and (c) the closure of a research and development facility in Germany in 2016.

In the second quarter of 2015, we committed to a restructuring plan to integrate our Italian legacy operations with those of Indesit. The industrial restructuring plan, which was approved by the relevant labor unions in July 2015 and signed by the Italian government in August 2015, provides for the closure or repurposing of certain manufacturing facilities and headcount reductions at other facilities. In addition, the restructuring plan provides for headcount reductions in the salaried employee workforce.

We estimate that we will incur up to €179 million (approximately \$200 million as of September 30, 2015) in employee-related costs, €25 million (approximately \$28 million as of September 30, 2015) in asset impairment costs, and €37 million (approximately \$41 million as of September 30, 2015) in other associated costs in connection with these actions. Completion of these plans is expected by the end of 2018. We estimate €209 million (approximately \$233 million as of September 30, 2015) of the estimated €241 million total cost will result in future cash expenditures. We anticipate restructuring charges of approximately \$230 million for fiscal year 2015. The actions outlined above are expected to fall within these anticipated charges.

Additional information about restructuring activities can be found in Note 10 of the Notes to the Consolidated Condensed Financial Statements.

## Interest and Sundry Income (Expense)

Interest and sundry income (expense) for the three and nine months ended September 30, 2015 improved compared to the same periods in 2014. The decrease in expense for the three and nine months ended September 30, 2015 was primarily due to a \$65 million gain related to a business investment in Brazil during the second quarter 2015 and previous year investment expenses related to Whirlpool China and Indesit acquisitions during 2014, partially offset by an unfavorable impact from foreign currency.

## Interest Expense

Interest expense for the three and nine months ended September 30, 2015 increased compared to the same periods in 2014 due to higher long-term debt, partially offset by lower average interest rates on long-term debt.



## Income Taxes

Income tax expense for the three and nine months ended September 30, 2015 was \$17 million and \$116 million compared to income tax expense of \$26 million and \$126 million for the same periods in 2014. The following table summarizes the difference between income tax expense at the United States statutory rate of 35% and the income tax expense at effective worldwide tax rates for the respective periods:

| Millions of dollars   | Three Months Ended<br>September 30, |       | Nine Months Ended<br>September 30, |       |
|---|-------------------------------------|-------|------------------------------------|-------|
|   | 2015                                | 2014  | 2015                               | 2014  |
| Earnings before income taxes                                    | \$267                               | \$261 | \$749                              | \$710 |
| Income tax expense computed at United States statutory tax rate | 93                                  | 91    | 262                                | 249   |
| Valuation allowance release                                     | (68)                                | (25)  | (126)                              | (38)  |
| U.S. foreign income items, net of credits                       | (18)                                | (34)  | (32)                               | (59)  |
| Foreign government tax incentive (including BEFIEX in 2014)     | —                                   | (10)  | (8)                                | (20)  |
| Other   | 10                                  | 4     | 20                                 | (6)   |
| Income tax expense computed at effective worldwide tax rates    | \$17                                | \$26  | \$116                              | \$126 |

## FORWARD-LOOKING PERSPECTIVE

We currently estimate earnings per diluted share, free cash flow and industry demand for 2015 to be within the following ranges:

|   | 2015<br>Current Outlook |
|---|-------------------------|
| Estimated earnings per diluted share, for the year ending December 31, 2015 | \$9.75 — \$10.25        |
| Including:  |                         |
| Restructuring Expense   | \$(2.24)                |
| Combined Acquisition Related Transition Costs                               | \$(0.57)                |
| Legacy Product Warranty and Liability Expenses                              | \$(0.41)                |
| Pension Settlement Charges  | \$(0.15)                |
| Antitrust Resolutions   | \$(0.13)                |
| Proceeds Related to a Business Investment                                   | \$0.62                  |
| Benefit Plan Curtailment Gain   | \$0.61                  |

## Industry demand

|               |          |
|---------------|----------|
| North America | ~5%      |
| Latin America | ~(20%)   |
| EMEA          | 0% — +2% |
| Asia          | Flat     |

For the full-year 2015, we expect to generate free cash flow of approximately \$600 million to \$700 million, including restructuring cash outlays of up to \$200 million, capital spending of approximately \$700 million to \$750 million and U.S. pension contributions of approximately \$72 million.

The table below reconciles projected 2015 cash provided by operating activities determined in accordance with United States GAAP to free cash flow, a non-GAAP measure. Management believes that free cash flow provides stockholders with a relevant measure of liquidity and a useful basis for assessing Whirlpool's ability to fund its activities and obligations. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures whose calculations may differ from our calculations. We define free cash flow as cash provided by continuing operations less capital expenditures and including proceeds from the sale of assets/businesses, and changes in restricted cash. The change in restricted cash relates to the private placement funds paid by Whirlpool to acquire majority control of Whirlpool China and which are used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital.

|  | 2015            |         |
|--|-----------------|---------|
| Millions of dollars  | Current Outlook |         |
| Cash provided by operating activities  | \$1,300         | \$1,450 |
| Capital expenditures, proceeds from sale of assets/businesses and changes in restricted cash | (700)           | (750)   |
| Free cash flow   | \$600 - \$700   |         |

The projections above are based on many estimates and are inherently subject to change based on future decisions made by management and the Board of Directors of Whirlpool, and significant economic, competitive and other uncertainties and contingencies.

#### FINANCIAL CONDITION AND LIQUIDITY

Our objective is to finance our business through operating cash flow and the appropriate mix of long-term and short-term debt. By diversifying the maturity structure, we avoid concentrations of debt, reducing liquidity risk. We have varying needs for short-term working capital financing as a result of the nature of our business. We regularly review our capital structure and liquidity priorities, which include funding the business through capital and engineering spending to support innovation and productivity initiatives, funding our pension plan and term debt liabilities, providing return to shareholders and potential acquisitions.

On October 24, 2014, Whirlpool's wholly-owned subsidiary completed its acquisition of a 51% equity stake in Whirlpool China. The aggregate purchase price for the transaction was RMB 3.4 billion (approximately \$551 million at the dates of purchase for each step of the transaction). The Company funded the total consideration for the shares with cash on hand. The cash paid for the private placement step of the transaction is considered restricted cash, which will be used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital. Additional information about the transaction can be found in Note 2 of the Notes to the Consolidated Condensed Financial Statements.

Whirlpool China is in the process of implementing its response to a notification from China's securities regulatory agency to all listed companies. This notification was aimed at addressing volatility in China's securities market. In July 2015, Whirlpool China suspended trading of its stock pursuant to listing rules of the Shanghai Stock Exchange in connection with such response. Whirlpool China believes that its stock will resume trading in accordance with relevant Chinese laws and the Shanghai Stock Exchange's listing rules.

On December 3, 2014, Whirlpool completed the final step in its acquisition of Indesit. Total consideration paid for Indesit was €1.1 billion (approximately \$1.4 billion at the dates of purchase of each step in the transaction) in aggregate net of cash acquired. The Company funded the aggregate purchase price for Indesit through borrowings under its credit facility and commercial paper programs, and repaid a portion of such borrowings through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014 and an aggregate principal amount of €500 million (approximately \$525 million as of the date of issuance) in senior notes on March 12, 2015. Additional information about the transaction can be found in Note 2 of the Notes to the Consolidated Condensed Financial Statements.

Our short term potential uses of liquidity include funding our ongoing capital spending, restructuring activities, funding pension plans and returns to shareholders.

We also have \$507 million of term debt maturing in the next twelve months.

We monitor the credit ratings and market indicators of credit risk of our lending, depository, and derivative counterparty banks regularly. In addition, we diversify our deposits and investments in short term cash equivalents to

limit the concentration of exposure by counterparty.

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We continue to monitor the general financial instability and uncertainty throughout Europe. At September 30, 2015, we did not have cash or cash equivalents greater than 1% of our consolidated assets in any single European country. In addition, we did not have any third-party accounts receivable greater than 1% of our consolidated assets in any single European country, with the exception of Italy and the United Kingdom, which represented 1.6% and 1.0%, respectively.

We continue to review customer financial conditions across the Eurozone. At September 30, 2015, we had €86 million (approximately \$96 million at September 30, 2015) in outstanding trade receivables and short-term and long-term notes due to us associated with Alno AG, a long-standing European customer. Approximately €34 million (approximately \$38 million at September 30, 2015) of the outstanding receivables were overdue as of September 30, 2015. In the fourth quarter of 2014, Whirlpool and Alno entered into an agreement to revise the previous standstill agreement to amend the payment terms of the overdue trade receivables. The new agreement cured the violation of the prior agreement and Alno's full overdue balance remains due in full by the end of the fourth quarter of 2016. Our exposure includes not only the outstanding receivables but also the potential risks of an Alno bankruptcy and impacts to our distribution process. Alno is proceeding to secure additional financing to improve its financial position.

#### Sources and Uses of Cash

The following table summarizes the net increase (decrease) in cash and equivalents for the periods presented:

| Millions of dollars                     | Nine Months Ended  |                    |
|---|--------------------|--------------------|
|   | September 30, 2015 | September 30, 2014 |
| Cash provided by (used in):             |                    |                    |
| Operating activities                    | \$(157 )           | \$(128 )           |
| Investing activities                    | (407 )             | (748 )             |
| Financing activities                    | 296                | 511                |
| Effect of exchange rate changes on cash | (60 )              | (28 )              |
| Net decrease in cash and equivalents    | \$(328 )           | \$(393 )           |

#### Cash Flows from Operating Activities

Cash used in operating activities for the nine months ended September 30, 2015 increased compared to the same period in 2014, which primarily reflects funding for seasonal working capital investment related to our acquisitions of Whirlpool China and Indesit and funding related to new product launches.

The timing of cash flows from operations varies significantly within a quarter primarily due to changes in production levels, sales patterns, promotional programs, funding requirements as well as receivable and payment terms.

Dependent on timing of cash flows, the location of cash balances, as well as the liquidity requirements of each country, external sources of funding are used to support working capital requirements throughout the year. Due to the variables discussed above, cash flow from operations during the year may significantly exceed our quarter and year-end balances.

#### Cash Flows from Investing Activities

Cash used in investing activities during the nine months ended September 30, 2015 decreased compared to the same period in 2014, which primarily reflect acquisition expenses related to Hefei Sanyo and Indesit in 2014 that did not recur in 2015 and investments in other related business during 2015, partially offset by a cash deposit received related to a business investment in Brazil during 2015.

#### Cash Flows from Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2015 includes the completion of a European debt offering in March 2015, partially offset by a repayment of notes which matured during May 2015, purchase of treasury stock, and an increase in dividends paid. The proceeds of the debt offering were used to repay outstanding commercial paper that was utilized to finance recent acquisitions. Additional information about the debt offering can be found in Note 6 of the Notes to the Consolidated Condensed Financial Statements.

At September 30, 2015, we had \$656 million of commercial paper outstanding to fund working capital requirements.



### Financing Arrangements

On May 15, 2015, \$200 million of 5.00% notes matured and were repaid. On March 12, 2015, we completed a debt offering of €500 million (approximately \$525 million as of the date of issuance) principal amount of 0.625% notes due in 2020. The notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest.

On September 25, 2015, we entered into an Amended and Restated Short-Term Credit Agreement (the “Amended 364-Day Facility”). The Amended 364-Day Facility has a maturity date of September 23, 2016, aggregate borrowing capacity of \$500 million and amends and restates in its entirety the Short-Term Credit Agreement entered into on September 26, 2014 (the “Original 364-Day Facility”), which was intended to support our 2014 acquisition of Indesit Company S.p.A.

Collectively, the \$500 million Amended 364-Day Facility, a €250 million European facility added in July 2015 and the existing \$2.0 billion long-term credit facility provide total committed credit facilities of approximately \$2.8 billion (the “Facilities”), which is fundamentally unchanged from the \$3.0 billion in committed credit facilities available as of December 31, 2014. The resulting Facilities are now more geographically diverse, better reflecting our growing global operations. In addition to the Facilities and as disclosed in our most recent annual report on Form 10-K, there are additional committed credit facilities in Brazil supporting our Latin American operations. We believe these facilities are sufficient to support our global operations.

We had no borrowings outstanding under the Amended 364-Day Facility at September 30, 2015 or the Original 364-Day Facility at December 31, 2014, respectively.

The interest and fee rates payable with respect to the Amended 364-Day Facility based on the Company’s current debt rating are unchanged from the Original 364-Day Facility and are as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.125%, as of the date hereof. The Amended 364-Day Facility contains customary covenants and warranties including, among other things, a rolling twelve month maximum leverage ratio limited to 3.25 to 1.0 for each fiscal quarter and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit our ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on its property; (iii) incur debt or off-balance sheet obligations at the subsidiary level; (iv) enter into transactions with affiliates, except on an arms-length basis; (v) enter into agreements restricting the payment of subsidiary dividends or restricting the making of loans or repayment of debt by subsidiaries; and (vi) enter into agreements restricting the creation of liens on its assets. We are in compliance with financial covenant requirements at September 30, 2015 and December 31, 2014.

Additional information about the Amended 364-Day Facility can be found in Note 6 of the Notes to the Consolidated Condensed Financial Statements. The Amended 364-Day Facility is filed as Exhibit 10.1 to this quarterly report on Form 10-Q.

On April 22, 2015, we canceled a committed credit facility that was acquired in the fourth quarter of 2014 as part of the acquisition of Indesit, a portion of which was replaced with a Euro denominated credit facility entered into in July 2015. The Indesit facility provided for borrowings of up to €350 million with a maturity date of July 29, 2016.

### Dividends

In April 2015, our Board of Directors approved a 20% increase in our quarterly dividend on our common stock to 90 cents per share from 75 cents per share.

### Off-Balance Sheet Arrangements

In the ordinary course of business, we enter into agreements with financial institutions to issue bank guarantees, letters of credit, and surety bonds. These agreements are primarily associated with unresolved tax matters in Brazil, as is customary under local regulations, and other governmental obligations and debt agreements. At September 30, 2015, we had approximately \$368 million outstanding under these agreements.

### Repurchase Program

On April 14, 2014, our Board of Directors authorized a share repurchase program of up to \$500 million. Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us

to repurchase any of our shares. During the nine months ended September 30, 2015, we repurchased 520,600 shares at an aggregate purchase price of approximately \$95 million under this program. At September 30, 2015, there was approximately \$380 million in remaining funds authorized under this program.

## OTHER MATTERS

### Indesit Corrective Action

In September 2015, we recognized a liability related to a corrective action affecting certain heritage Indesit products. We estimate the most probable pre-tax cost of the corrective action to be €245 million and €196 million on an after tax basis (approximately \$274 million and \$219 million respectively, as of September 30, 2015) based on certain tax deductibility assumptions.

Approximately 90% of the affected units were manufactured by Indesit prior to its acquisition by the Company in October 2014. Accordingly, we increased the warranty liability as a purchase accounting adjustment in the opening balance sheet with a corresponding increase to goodwill of €210 million (approximately \$235 million as of September 30, 2015). The remainder of the affected units were manufactured after the acquisition of Indesit and the related expense of €35 million (approximately \$39 million as of September 30, 2015) was recorded in the third quarter of 2015. The establishment of this liability is based on several assumptions such as customer response rate, consumer options, field repair costs, inventory repair costs, and timing of tax deductibility. Our experience with respect to these factors may cause our actual costs to differ significantly from our estimated costs. In addition, we intend to seek indemnity from the seller. Any amounts we are able to recover from the seller would reduce our net costs. We expect the corrective action affecting certain heritage Indesit products to have future cash expenditures through 2017.

### Embraco Antitrust Matters

Beginning in February 2009, our compressor business headquartered in Brazil ("Embraco") was notified of antitrust investigations of the global compressor industry by government authorities in various jurisdictions. Embraco has resolved government investigations in various jurisdictions as well as all related civil lawsuits in the United States. Embraco also has resolved certain other claims and certain claims remain pending. Additional lawsuits could be filed.

At September 30, 2015, \$23 million remains accrued, with installment payments of \$15 million, plus interest, due at various times through 2015. We continue to defend these actions and take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

### BEFIEX Credits and Other Brazil Tax Matters

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEX). These credits reduced Brazilian federal excise taxes on domestic sales, resulting in an increase in the operations' recorded net sales, as the credits were monetized. We did not monetize any BEFIEX credits during the nine months ended September 30, 2015. We monetized \$14 million of BEFIEX credits during the nine months ended September 30, 2014. We began recognizing BEFIEX credits in accordance with prior favorable court decisions allowing for the credits to be recognized. We recognized export credits as they were monetized.

In December 2013, the Brazilian government reinstated the monetary adjustment index applicable to BEFIEX credits that existed prior to July 2009, when the Brazilian government required companies to apply a different monetary adjustment index to BEFIEX credits. As of September 30, 2015, no BEFIEX credits deemed to be available prior to this action remained to be monetized. Whether use of the reinstated index should be given retroactive effect for the July 2009 to December 2013 period has been subject to review by the Brazilian courts. If the reinstated index is given retroactive effect, we would be entitled to recognize additional credits. We are awaiting the resolution of additional proceedings on the retroactive effect of the reinstated index.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe BEFIEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of September 30, 2015. The total amount of outstanding tax assessments received for



income and social contribution taxes relating to the BEFIEX credits, including interest and penalties, is approximately 1.5 billion Brazilian reais (approximately \$380 million as of September 30, 2015).

Relying on existing Brazilian legal precedent, in 2003 and 2004, we recognized tax credits in an aggregate amount of \$26 million, adjusted for currency, on the purchase of raw materials used in production ("IPI tax credits"). The Brazilian tax authority subsequently challenged the recording of IPI tax credits. No credits have been recognized since 2004. In 2009, we entered into a Brazilian government program which provided extended payment terms and reduced penalties and interest to encourage tax payers to resolve this and certain other disputed tax credit amounts. As permitted by the program, we elected to settle certain debts through the use of other existing tax credits and recorded charges of approximately \$34 million in 2009 associated with these matters. In July 2012, the Brazilian revenue authority notified us that a portion of our proposed settlement was rejected and we received tax assessments of 216 million Brazilian reais (approximately \$54 million as of September 30, 2015), reflecting interest and penalties to date. We are disputing these assessments and we intend to vigorously defend our position. Based on the opinion of our tax and legal advisors, we have not recorded an additional reserve related to these matters.

In 2001, Brazil adopted a law making the profits of controlled foreign corporations of Brazilian entities subject to income and social contribution tax regardless of whether the profits were repatriated ("CFC Tax"). Our Brazilian subsidiary, along with other corporations, challenged tax assessments on foreign profits on constitutionality and other grounds. In April 2013, the Brazilian Supreme Court ruled on one of our cases, finding that the law is constitutional, but remanding the case to a lower court for consideration of other arguments raised in our appeal, including the existence of tax treaties with jurisdictions in which controlled foreign corporations are domiciled. As of September 30, 2015, our potential exposure for income and social contribution taxes relating to profits of controlled foreign corporations, including interest and penalties and net of expected foreign tax credits, is approximately 180 million Brazilian reais (approximately \$45 million as of September 30, 2015). We believe these assessments are without merit and we intend to continue to vigorously dispute them. Based on the opinion of our tax and legal advisors, we have not accrued any amount related to these assessments as of September 30, 2015.

In December 2013, we entered into a Brazilian government program to settle long standing disputes. Participation in the program removed uncertainty related to 16 assessments that were previously under dispute and significantly reduces potential penalties and interest associated with these matters. Our participation will result in total payments including principal, interest, and penalties of 75 million Brazilian reais, to be paid in 30 monthly installments, which began in December 2013. The outstanding balance of principal, interest, and penalties at September 30, 2015 is 38 million Brazilian reais (approximately \$10 million as of September 30, 2015).

In addition to the IPI tax credit and CFC Tax matters noted above, we are currently disputing other assessments issued by the Brazilian tax authorities related to non-income and income tax matters, including for the monetization of BEFIEX credits and other BEFIEX matters, which are at various stages of review in numerous administrative and judicial proceedings. In accordance with our accounting policies, we routinely assess these matters and, when necessary, record our best estimate of a loss. We believe these tax assessments are without merit and are vigorously defending our positions.

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve. Sessions of trial of the Brazilian administrative council of tax appeals, or CARF, are currently suspended for all litigants while changes in CARF procedures and staffing are being implemented, which may increase time and associated expense for our pending cases. The amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

#### Other Litigation

We are currently defending against numerous lawsuits pending in federal and state courts in the United States relating to certain of our front load washing machines. Some of these lawsuits have been certified for treatment as class actions. The complaints in these lawsuits generally allege violations of state consumer fraud acts, unjust enrichment, product liability claims and breach of warranty. The complaints generally seek compensatory, consequential and punitive damages. We believe these suits are without merit and are vigorously defending them. Given the preliminary stage of many of these proceedings, the Company cannot reasonably estimate a possible range of loss, if any, at this time. The resolution of one or more of these matters could have a material adverse effect on our financial position, liquidity, or results of operations.



In addition, we are currently defending a number of other lawsuits in federal and state courts in the United States related to the manufacturing and sale of our products which include class action allegations. These lawsuits allege claims which include breach of contract, breach of warranty, product liability claims, fraud, violation of federal and state consumer protection acts and negligence. We do not have insurance coverage for class action lawsuits. We are also involved in various other legal actions in the United States and other jurisdictions around the world arising in the normal course of business, for which insurance coverage may or may not be available depending on the nature of the action. We dispute the merits of these suits and actions, and intend to vigorously defend them. Management believes, based upon its current knowledge, after taking into consideration legal counsel's evaluation of such suits and actions, and after taking into account current litigation accruals, that the outcome of these matters currently pending against Whirlpool should not have a material adverse effect, if any, on our financial position, liquidity, or results of operations.

Other Matters

In 2013, the French Competition Authority commenced an investigation of appliance manufacturers and retailers in France. The investigation includes 11 manufacturers, including the Whirlpool and Indesit operations in France. Although it is currently not possible to assess the impact, if any, this matter may have on our Consolidated Condensed Financial Statements, the resolution of this matter could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our exposures to market risk since December 31, 2014.

**ITEM 4. CONTROLS AND PROCEDURES**

**(a) Evaluation of disclosure controls and procedures**

Prior to filing this report, we completed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of September 30, 2015. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2015.

**(b) Changes in internal control over financial reporting**

In the fourth quarter of 2014, we completed our acquisitions of Whirlpool China and Indesit. We are in the process of integrating Whirlpool China's and Indesit's operations and consider Whirlpool China and Indesit material to the Consolidated Condensed Financial Statements and believe that their internal controls and procedures have a material effect on our internal control over financial reporting. Whirlpool has extended its Section 404 compliance program under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations under such Act to include Whirlpool China and Indesit.

There were no changes in our internal control over financial reporting that occurred during the most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

Information with respect to legal proceedings can be found under the heading “Commitments and Contingencies” in Note 7 to the Consolidated Condensed Financial Statements contained in Part I, Item 1 of this report.

## ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2014.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On April 14, 2014, our Board of Directors authorized a share repurchase program of up to \$500 million. Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us to repurchase any of our shares. During the nine months ended September 30, 2015, we repurchased 520,600 shares at an aggregate purchase price of approximately \$95 million under this program. At September 30, 2015, there were approximately \$380 million in remaining funds authorized under this program.

The following table summarizes repurchases of Whirlpool's common stock in the three months ended September 30, 2015:

| Period (Millions of dollars, except number and price per share) | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan |
|---|----------------------------------|------------------------------|--|---|
| July 1, 2015 through July 31, 2015                              | —                                | \$—                          | —  | \$425   |
| August 1, 2015 through August 31, 2015                          | 253,200                          | 177.30                       | 253,200  | 380   |
| September 1, 2015 through September 30, 2015                    | —                                | —                            | —  | 380   |
| Total   | 253,200                          | \$177.30                     | 253,200  |   |

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

## ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

|              |   |
|--------------|---|
| Exhibit 10.1 | Amended and Restated Short-Term Credit Agreement dated as of September 25, 2015 among Whirlpool Corporation, Whirlpool Europe B.V., Whirlpool Finance B.V., Whirlpool Canada Holding Co., certain Financial Institutions and JPMorgan Chase Bank, N.A. as Administrative Agent, BNP Paribas and Citibank, N.A. as Syndication Agents, and J.P. Morgan Securities LLC, BNP Paribas Securities Corp., and Citigroup Global Markets Inc., as Joint Lead Arrangers and Joint Bookrunners. |
| Exhibit 31.1 | Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |
| Exhibit 31.2 | Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |
| Exhibit 32.1 | Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |
| 101.INS      | XBRL Instance Document  |
| 101.SCH      | XBRL Taxonomy Extension Schema Document   |
| 101.CAL      | XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.LAB      | XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE      | XBRL Taxonomy Extension Presentation Linkbase Document  |
| 101.DEF      | XBRL Taxonomy Extension Definition Linkbase Document  |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By  
Name:  
Title:  
Date:

WHIRLPOOL CORPORATION  
(Registrant)  
/s/ LARRY M. VENTURELLI  
Larry M. Venturelli  
Executive Vice President  
and Chief Financial Officer  
October 23, 2015