



2017 ANNUAL REPORT





## OUR GLOBAL PRESENCE

Net Sales  
**\$21B**

Employees  
**92K**

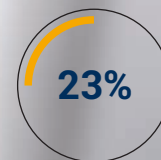
Products Sold  
**72M**

Manufacturing Locations  
**43**

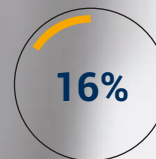
### Sales By Reportable Segment



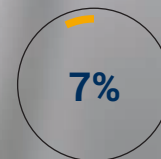
North America



Europe, Middle East,  
Africa

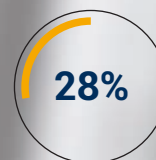


Latin America

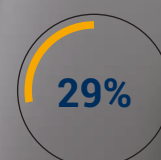


Asia

### Sales By Product Category



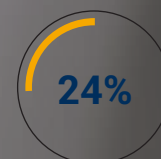
Laundry



Refrigerators  
& Freezers



Cooking  
Appliances



Other



## Letter to Shareholders

### A Message from Marc Bitzer, Chief Executive Officer

In October 2017, it was my honor to accept the Whirlpool Corporation Board of Directors' appointment as the eighth Chief Executive Officer in this great company's 106-year history. I want to use my first letter to shareholders as an opportunity to share some thoughts about this recent transition, our long-term commitment to shareholder value creation and corporate responsibility, as well as our current business performance and outlook for 2018.

### Leadership Transition

At Whirlpool, we firmly believe that leadership is the catalyst for positive change. I clearly remember the moment I first said "Yes, I want to work at Whirlpool," more than 18 years ago. I did so because I wanted to work for a company recognized for its exceptional values and strong leadership principles. Those same values and principles inspire and guide me to this day.

Our values and principles are exemplified by Jeff Fettig, who spent his entire 36-year career with Whirlpool Corporation. Jeff brought great vision to Whirlpool, and during his tenure we became the number one major appliance manufacturer in the world. In his 13 years as CEO, Whirlpool's revenues increased approximately 75 percent and both the company's market value and dividend more than tripled. Jeff led by

example, equally passionate about winning in the marketplace as he was about doing things the right way.

I look forward to building on the strong foundation Jeff has put in place. The exceptional values and strong leadership principles that have guided us throughout our history will continue to be a catalyst for success in the future. I am committed to protect and further advance them for the next generation of Whirlpool employees, customers and shareholders.

### Unique Global Strategic Position

As a global company, we believe we are uniquely positioned, today and in the future, to deliver long-term value for you. We believe we have the best brand portfolio in our industry, and are proud to have seven brands which each generate more than \$1 billion in sales. Our portfolio of timeless brands like *Whirlpool* and *KitchenAid* are increasingly desired throughout the world. Trusted brands and differentiated features matter more than ever, especially when designed for local consumer preferences.

### Legacy of Innovation

We have a proud legacy of innovation and our exceptionally strong innovation pipeline allowed us to launch more than ➤

100 new products this year. As technology continues to advance, the wants and needs of consumers are changing. In turn, the appliance industry is evolving and becoming less and less commoditized. Today's consumers are demanding connected appliances as part of a home ecosystem that simplifies their lives. Whirlpool Corporation is answering that demand. We have partnered with leaders in the connected home, and we see many exciting opportunities for future growth in the connected space.

### Global Leading Manufacturer

Through the strength of our winning brands and innovative products, we have become the world's leading global appliance manufacturer.<sup>(a)</sup> We are the leading manufacturer in seven out of the ten largest countries in the world,<sup>(b)</sup> which provides us a cost advantage. We have a strong presence in both developed countries and emerging markets, and are well-positioned to benefit as demand recovers in key emerging markets like Brazil, China and Russia.

### Best Cost Position

Our global scale allows us to efficiently produce the right products at the right time anywhere throughout the world. We have strong capabilities for cost takeout, which is key to effectively cope with macroeconomic challenges. By combining leading scale with disciplined cost management, we have a true "best cost position" in the highly competitive global appliance industry.

It is this unique global position which gives us confidence that we will deliver long-term results that are second-to-none in our industry.

### Commitment to Shareholder Value Creation

Our commitment to shareholders remains a constant. We communicated our value creation goals at our 2017 Investor Day, and my entire leadership team and I are fully committed to these goals:

- 3-5% annual organic net sales growth
- 10% EBIT margin by 2020
- 5-6% free cash flow as a percent of net sales by 2018

We are equally committed to our balanced approach to capital allocation. From 2012 to 2016, we invested more than \$6 billion in our business, including more than \$3 billion in capital expenditures and more than \$2 billion in acquisitions. During that same period, we returned

\$2.3 billion to shareholders, including \$1.1 billion in dividends and \$1.2 billion in share repurchases.

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### We returned a record

## **\$1.1 Billion** cash to shareholders in 2017

This year, we invested approximately \$680 million in capital expenditures to fund innovation. We also continued to return strong levels of cash to shareholders, including more than \$300 million through our increased quarterly dividend, and \$750 million in share repurchases, an increase of more than 40 percent versus 2016.

### Commitment to Corporate Responsibility

At Whirlpool, we are committed to being a responsible corporate citizen, both because it is the right thing to do and because it is good for business. This year, we furthered that commitment by taking a number of steps to minimize our impact on the environment while also supporting our employees and the communities in which we live and work.

Our focus on conserving our planet's resources continued this year. We met our 2020 goals for energy and water usage three years early, and will set new sustainability goals which will exceed the original U.S. commitments to the Paris climate accord. We also expanded our use of on-site renewable energy, including our wind turbine program in Ohio and solar program in India, and are one of the largest on-site users of wind energy in the U.S. Further, we continued to manufacture increasingly water- and energy-efficient, high-performing products, helping consumers lessen their impact on the environment while also saving money.

We also strengthened our commitment to being a great place to work. In 2017, our people recognized the company with an engagement score of 85, which surpasses global consumer product companies and 'best in class' companies. Our strongest scoring questions are around connecting individual work to achieving results and belief in the goals and objectives of the company.

Finally, we remain passionate about giving back to our communities, both through employee volunteerism and by supporting numerous charitable organizations, including Habitat for Humanity International®, United Way®, the Boys and Girls Clubs of America® and Instituto Consulado da Mulher®.<sup>(c)</sup>



## 2017 Business Performance and 2018 Outlook

We delivered record revenues and this was our second highest year ever in terms of ongoing earnings per share. I would describe it as a "good" year, but not a "great" year. We are dissatisfied with our results for two reasons. First, we committed to delivering better results to our shareholders, and the challenges we faced caused us to revise our outlook throughout the year. Second, we simply believe we could have done better and achieved "great."

To give you a bit of perspective on the operating environment, it's important to note that raw material costs rose much faster than expected, turning into a \$600 million challenge for 2017 and 2018 combined. Our results were also impacted by lack of progress on our European and China integration activities. These two combined factors led to a performance shortfall against our targets.

To offset these challenges, we have taken strong and decisive actions. We implemented cost-based price increases across the majority of our business early in the year, and have committed to a net fixed cost reduction of \$150 million, which is already over 80 percent implemented. I firmly believe these are the right actions and that we have the right strategy to deliver improved performance in 2018 and our long-term goals.

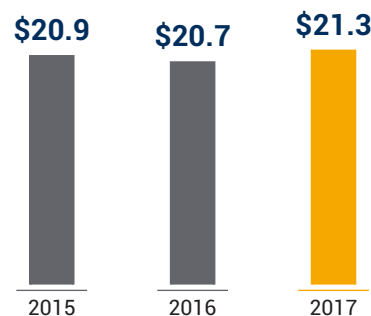
Thank you for your investment in Whirlpool Corporation. It is truly a privilege to serve you and our employees as the eighth CEO of Whirlpool Corporation, and I am committed to earning your trust in this role as we build a bright future together in 2018 and beyond.



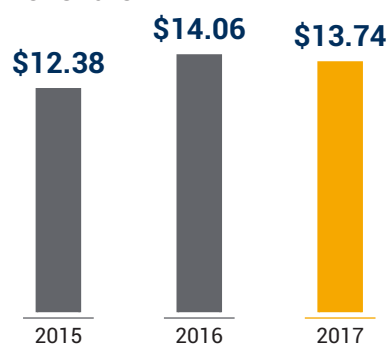
Marc Bitzer  
Chief Executive Officer

### Revenue

in Billions

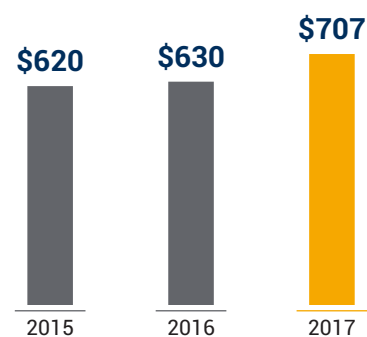


### Ongoing Business Earnings Per Share<sup>(d)</sup>



### Free Cash Flow<sup>(e)</sup>

in Millions





## Letter from Our Chairman

### A Message from Jeff Fettig, Chairman of the Board

I began my career in 1981 as an operations associate at Whirlpool. That year, the company celebrated its 25th anniversary as a full line manufacturer of major home appliances and reported a then-record \$2.4 billion in net sales, nearly all of which came from the United States.

In the last 36 years, many things have changed. Today, more than half of our global sales come from outside the United States. We have an industry-leading brand portfolio that delivered more than \$21 billion in revenues this year across our major appliance and adjacent businesses. Our employee base is more diverse now than ever, and our commitment to sustainability and protecting our natural resources has never been greater.

Yet, many things have not changed. Whirlpool Corporation still manufactures great products. While we have expanded into new product categories and serve new geographies, we are still a consumer products company that solves everyday problems in homes throughout the world. We continue to leverage our legacy of innovation as we invest in new and emerging technologies, including the shift to digital and connected appliances, and are well-positioned to continue delivering incredible care and value to consumers.

Who we are has also not changed. The core values and leadership principles that made us industry leaders continue to guide our actions and decision making. We are motivated by the spirit of winning while steadfastly believing that "there is no right way to do a wrong thing."

Our obligation to you, our shareholders, is to do all of these things profitably. Your Board continually assesses Whirlpool Corporation's long-term strategy, and many of the Board's strategic discussions are focused on how best to allocate resources to drive differentiated results. The members of the Board bring a broad range of skills and experiences, and each and every Board member acts as a shareholder advocate. As Whirlpool continues to grow, invest in new technologies and expand its businesses throughout the world, you should be confident that the Board is having in-depth and frequent discussions with our executive team focused on delivering consistently strong financial results and sustainable long-term value.

The opportunity to lead Whirlpool has been both an honor and a privilege. During my time as CEO, we achieved significant milestones as a company, thanks to the great work of our employees throughout the world. I am very proud of the Whirlpool team, and their dedication has led to the success that we have all achieved.

This year, I transitioned from my role as CEO, and the Board appointed Marc Bitzer as the eighth CEO in Whirlpool Corporation's 106-year history. Marc has gained a deep understanding of our global business during his 18-year tenure at Whirlpool. He has personally led regional operations in EMEA and North America, and most recently led our global operations as Chief Operating Officer. The Board and I could not be more confident in Marc, and believe he is the right person to lead our company to continued success.

Thank you for your ongoing support of our company. We will continue to lead the global appliance industry, delivering innovative products to consumers and strong levels of return to shareholders. While there will be more changes ahead, we have the right plans and the best team to continue delivering strong results. I have never been more confident in the future of Whirlpool Corporation.

Jeff M. Fettig  
Chairman of the Board

## Achieving the Vision: Our Progress

### 2010-2014

Focused on margin expansion and cash generation



### 2015-2018

30% larger global platform with compelling brand and product innovation



### Beyond 2018

Unique global strategic position delivering further margin expansion and strong cash conversion



## Our Unique Global Position

Whirlpool Corporation is committed to delivering significant, long-term value to both our consumers and our shareholders. For consumers, we deliver value through innovative, high-quality products that solve everyday problems. For our shareholders, we seek to deliver differentiated value through our four strategic pillars:



We hold the number one share position in seven of our ten largest countries by revenue.<sup>(b)</sup>

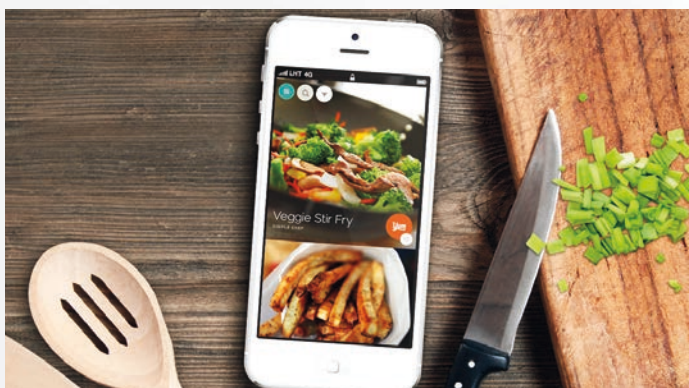
### Best Brand Portfolio

**7 Brands**  
each with more than  
**\$1 Billion in Sales**

Whirlpool and KitchenAid global brands, with strong regional and local brands, including Maytag, Brastemp, Consul, Hotpoint,\* Indesit and Bauknecht.<sup>(f)</sup>

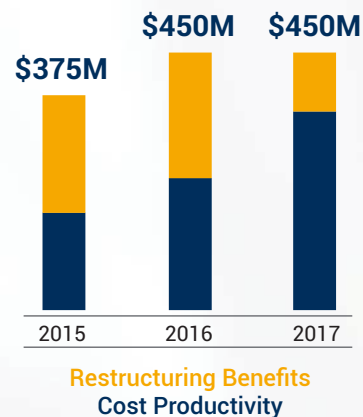
## Accelerating Our Pace of Innovation

This year, we introduced more than 100 new products throughout the world, and we are committed to further accelerating our pace of innovation. Consumers are beginning to desire connected appliances, which fit seamlessly into the larger home ecosystem. We are excited to bring new connected technologies to market, including scan-to-cook, voice control and remote service diagnostics.



## Best Cost Position

As the number one major appliance manufacturer in the world, we have a scale cost benefit on everything we do, and are committed to a relentless focus on cost efficiency. Our global scale enables our local-for-local production model. We are focused on producing the right products at the right time throughout the world.



## What We See:

### A Regional Perspective

#### Joe Liotine

EVP and President  
Whirlpool North America

#### LONG-TERM FAVORABLE GROWTH TRENDS

We are proud of our strong growth and operating margins this year. Our teams executed well in a solid demand environment, and we are pleased by another year of market share gains led by the *Maytag* brand. We expect strong results to continue in 2018 as a result of new product launches, including the new *Whirlpool* brand connected kitchen suite, previously announced cost-based pricing actions and continued industry growth driven by strong housing trends and low unemployment.



#### João Brega

EVP and President  
Whirlpool Latin America

#### LEVERAGING BEST COST IN A RECOVERING MARKET

The operating environment in Latin America continues to be uneven, but we are encouraged by signs of demand growth. We continue to have strong share behind the *Brastemp* and *Consul* brands and we continue to invest in innovation. We are implementing previously announced cost-based price increases and fixed cost reductions, and we are well-positioned to benefit from demand growth when it returns.





### **Esther Berrozpe Galindo**

EVP and President  
Whirlpool EMEA

#### **INTEGRATING BRAND AND PRODUCT PORTFOLIO FOR GROWTH**

This was a challenging year with complex integration activities and significant raw material inflation. After a difficult start to the year, we made significant progress to improve the stability of our operations and have largely completed our brand and product transitions. We are on track to finalize the Indesit integration next year, and are implementing previously announced cost-based pricing actions and launching innovative new products. We are confident we are well-positioned for growth in 2018.

### **Sam Wu**

President  
Whirlpool Asia

#### **AWARD-WINNING INNOVATION**

Our business in India delivered record performance again this year, with strong growth, market share gains and improved margins. Tax reform in India was favorable for consumer demand, and we expect to benefit from continued economic growth to deliver another record year in 2018. In contrast, the environment in China continues to be challenging but we have taken strong actions to significantly reduce costs, and have deployed previously announced cost-based price increases to offset these pressures. Overall, we expect to deliver improved performance in 2018 in the region.





Whirlpool Corporation is  
the #1 major appliance  
manufacturer in the world.<sup>(a)</sup>



## Brands:

Throughout the world, we win with consumers through our strong brand portfolio.

At Whirlpool Corporation, we are a global collection of small communities. We utilize our broad scale but rely on individual regions to personalize products to meet our consumers' needs. Our brands target consumers throughout the world with solutions that celebrate the diverse experiences of home life.



We introduced  
more than  
**100**  
new products  
in 2017

### Brands That Innovate

We're not content to rest on our 106-year legacy of innovation. With 70 global manufacturing, research and technology centers, and a history of consistent R&D funding, our world-class innovation pipeline continues to accelerate. We also refuse to create technology for "technology's sake." Instead we are focused on innovation that inspires consumers, and we design and build our products with purpose, creating demand and earning trust every day.



### Strong Brands That Are Locally Relevant

Our global locations develop diverse brand portfolios based on differentiated regional consumer needs. To maintain our competitive advantage of the best brand portfolio in the industry while increasing speed to market, we design products globally and manufacture locally to tailor to regional consumer preferences and behaviors. Consumer focus fuels our continued growth, strengthens our brand portfolio, and keeps us relevant in homes throughout the world.



Our diverse  
brand portfolio  
targets more than  
**90%**  
of global  
consumers







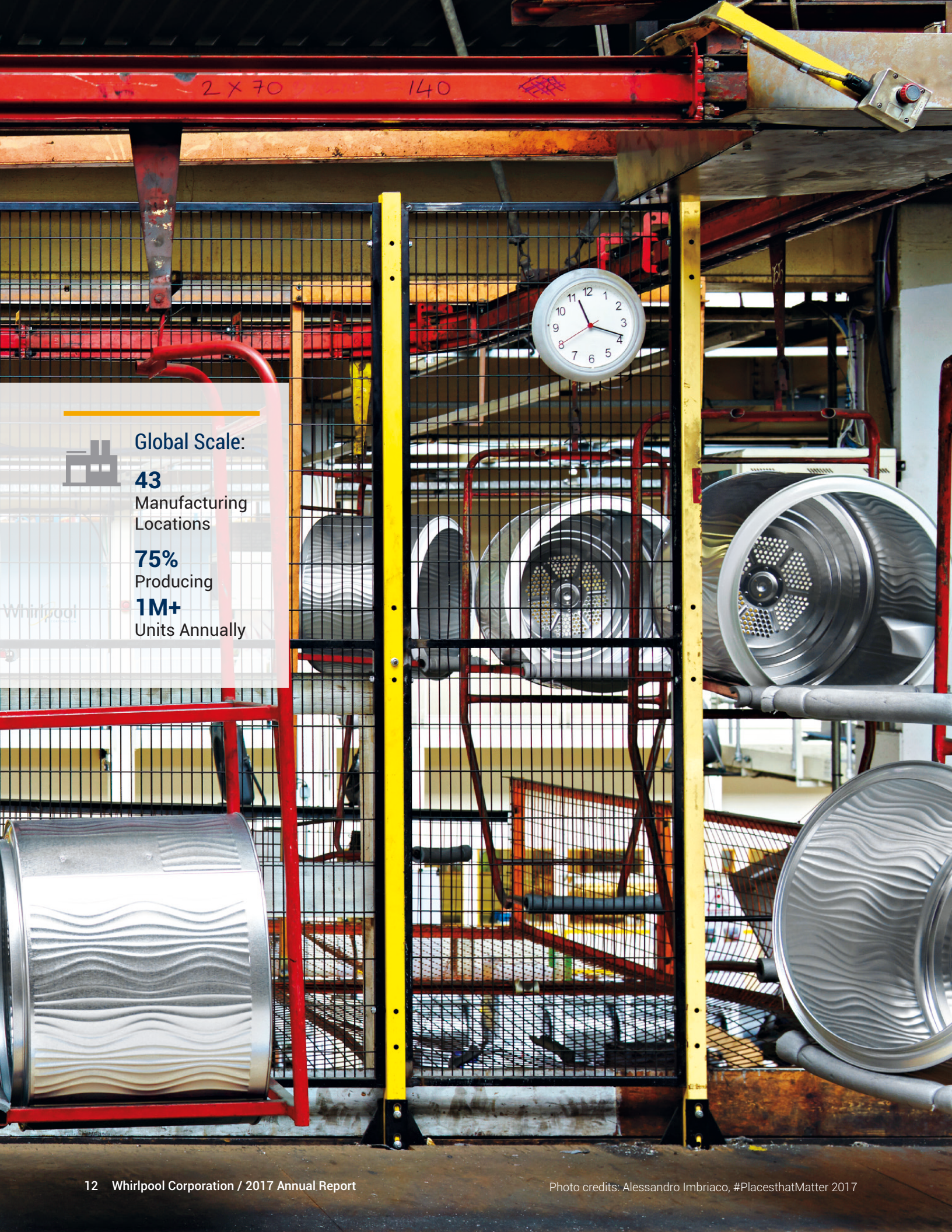
Our commitment to purposeful innovation is expanding the capabilities of our smart appliances

### Brands That Connect

Scan-to-Cook Technology allows consumers to scan thousands of frozen food barcodes with a smartphone or tablet and send recommended or customized cooking instructions directly to select *Whirlpool* wall ovens, ranges and microwaves.<sup>(g)</sup>

We acquired Yummly in 2017 to strengthen our position as a leader in building a seamlessly integrated connected kitchen and bring purposeful, consumer-relevant innovations to market in the emerging IoT space. Our *Yummly* app recommends recipes based on ingredients consumers have on hand, streamlining grocery shopping and meal prep with scheduling features, step-by-step recipes and video tutorials. *Yummly* recipes connect to select *Whirlpool* wall ovens, ranges and microwaves allowing consumers the ability to set and change temperature, settings and cook time from their devices.<sup>(g)</sup>





Global Scale:

**43**

Manufacturing  
Locations

**75%**

Producing

**1M+**

Units Annually

Whirlpool



## Opportunity:

Everywhere we operate, we're focused on opportunities to drive excellence and grow value.

Global operating excellence is the backbone of our best-cost platform. We are relentlessly focused on cost-takeout while also creating a culture of continuous improvement for processes and tools to drive increased productivity. This focus keeps us well-positioned to manage market volatility and to continue our history of creating value in any environment.

### Engage and Develop Our Global Workforce

We've become industry leaders by attracting, engaging and developing top talent. For the fourth consecutive year, we scored best-in-class on employee engagement among consumer goods companies. Original ideas and innovative thinking come from combining the best of everyone's differences. Celebrating diversity and including thousands of perspectives empowers us to create products that appeal to diverse consumers throughout the world. We are passionate about creating a safe, healthy and engaged workplace.



Our values are the driving force behind everything we do. Respect. Integrity. Diversity and Inclusion. Teamwork. Spirit of Winning.



**1 in 3**  
Employees  
Volunteer

### Opportunity: Strengthen Communities, Empower People

Knowing great communities are the foundation of great business, we maintain strong connections to the communities where we operate. We encourage employees to volunteer and provide them with opportunities to make a difference within their neighborhoods. We are proud to support organizations such as Habitat for Humanity International®, United Way®, Instituto Consulado da Mulher® and the International Red Cross®.<sup>(c)</sup>



## The Jeff Fettig Global Habitat Build Project

Having successfully collaborated with Habitat for Humanity International® for nearly 18 years, we had a unique opportunity to honor Jeff Fettig, who stepped down as CEO in 2017. We created a global build project with Habitat which included 14 locations from India and China to Brazil and Colombia.

Habitat for Humanity and Whirlpool Corporation employees continued the tradition of helping families achieve their dream of owning a home. Two hundred seventeen employees, including executives, lent a helping hand. For Jeff Fettig, this became the ultimate recognition of his years of service and commitment to making a difference in our communities.



Projects  
**14**



Countries  
**8**



Volunteers  
**217**



New *Consul* Washer  
Maxi Economia: saves  
**40%** of water and soap  
and **100%** of the water  
can be reused



## Global Environmental Goals:

**2020** Full Material  
Transparency  
**90%**

**2014-2020**  
Reduction in  
Energy & Water  
Use Intensities  
in Manufacturing  
**15%**

**2022** Landfill Waste  
in Manufacturing  
**Zero**

### Opportunity: Reduce Environmental Impacts

As the world's largest manufacturer of major home appliances,<sup>(a)</sup> we have an unwavering commitment to care for our employees, customers, communities and the planet. Reducing the amount of water and energy our products use, driving zero waste to landfill, and using solar and wind energy to power our facilities are all part of our effort to reduce our impact and address climate change while making lives and homes better.





## Our Financial Position

### A Message from Jim Peters, Chief Financial Officer

We are as committed as ever to executing a balanced approach to capital allocation. Our formula is a simple one — fund the business and our strategic investments while returning cash to shareholders — and we have been very consistent in its application over the years.

#### Funding the Business

In 2017, we continued to fund the business, investing more than \$1 billion in innovation between capital expenditures and R&D. These investments enabled us to launch more than 100 new products and grow or maintain our market share position in most countries throughout the world. We plan to continue fully investing in our product portfolio in the coming years and see these investments as the catalyst for achieving our annual sales growth goal of 3 to 5 percent on a consistent basis.

A great example of an investment we are excited about is our recent acquisition of Yummly. Acquired in early 2017, Yummly is a technology company that serves over 20 million users, helping them discover exciting new recipes and ingredients in a unique and personalized way. We also developed partnerships with technology leaders such as Amazon, Google, IBM and Honeywell.<sup>(6)</sup> In early 2018, we are launching a fully connected kitchen suite under the *Whirlpool* brand that uses Scan-to-Cook technology and fully integrates with *Yummly* to recognize ingredients, recommend best recipes and provide on-demand videos to make cooking easier. This is just the beginning of our strategic investments in the Internet of Things. We believe that as the global leader in the home appliance industry, we are in the best position to deliver technology-enabled home appliances that appeal to consumers every day.

#### Maintaining Liquidity

We continue to maintain strong liquidity, keeping appropriate flexibility as economic conditions around the world remain volatile. This year, we finished with more than \$1 billion in cash on hand and approximately \$3.6 billion in available credit facilities.

We are prudent about our capital structure and continue to maintain strong investment-grade credit ratings. In 2017, we refinanced debt at very favorable rates and issued a new €600 million eurobond to support our international operations. As a result, we improved liquidity and our future debt obligations are exceptionally well-balanced.



#### Strong Balance Sheet Enables Flexibility

**\$1.2 Billion** cash on hand

**\$3.6 Billion** available credit facilities

**\$1.1 Billion** record cash returned  
to shareholders

#### Returning Cash to Shareholders

We also returned a record \$1.1 billion to shareholders in 2017. Our quarterly dividend increased for a 7th consecutive year, and we repurchased a record \$750 million of common stock. We remain committed to delivering strong returns for our shareholders in 2018 and beyond.

In closing, we will continue making investments in the right places to provide effective solutions to our consumers. These investments enable us to remain at the forefront of the industry as we progress toward our long-term financial goals and generate strong returns for our shareholders.

James W. Peters  
Chief Financial Officer

## Ongoing Earnings Per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measure of ongoing earnings per diluted share with the most directly comparable GAAP financial measure, net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2017, 2016 and 2015. The earnings per diluted share GAAP measure and ongoing business measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our 2017, 2016 and 2015 full-year tax rates of 14.7%, 16.6% and 20.3%, respectively. For more information, see document titled "GAAP Reconciliations" at [Investors.WhirlpoolCorp.com/financial-information/annual-reports](http://Investors.WhirlpoolCorp.com/financial-information/annual-reports).

|                                                | Earnings Per Diluted Share<br>Twelve Months Ended December 31, |         |         |
|------------------------------------------------|----------------------------------------------------------------|---------|---------|
|                                                | 2017                                                           | 2016    | 2015    |
| Reported GAAP Measure                          | \$ 4.70                                                        | \$11.50 | \$ 9.83 |
| Restructuring Expense                          | 3.70                                                           | 2.24    | 2.52    |
| Out of Period Adjustment                       | 0.27                                                           | —       | —       |
| Acquisition Related Transition Costs           | —                                                              | 1.11    | 0.80    |
| Antitrust and Dispute Resolutions              | —                                                              | —       | 0.44    |
| Gain/Expenses Related to a Business Investment | —                                                              | —       | (0.58)  |
| Pension Settlement Charges                     | —                                                              | —       | 0.19    |
| Benefit Plan Curtailment Gain                  | —                                                              | —       | (0.78)  |
| Legacy Product Warranty and Liability Expense  | —                                                              | (0.30)  | 0.53    |
| Income Tax Impact                              | (0.56)                                                         | (0.49)  | (0.57)  |
| Normalized Tax Rate Adjustment                 | 5.63                                                           | —       | —       |
| Ongoing Business Measure                       | \$13.74                                                        | \$14.06 | \$12.38 |

### Performance Graph

The graph below compares the yearly dollar change in the cumulative total stockholder return on our common stock against the cumulative total return of Standard & Poor's [S&P] Composite 500 Stock Index and the cumulative total return of the S&P 500 Household Durables Index for the last five fiscal years.\*\* The graph assumes \$100 was invested on December 31, 2012, in Whirlpool Corporation common stock, the S&P 500 and the S&P Household Durables Index.

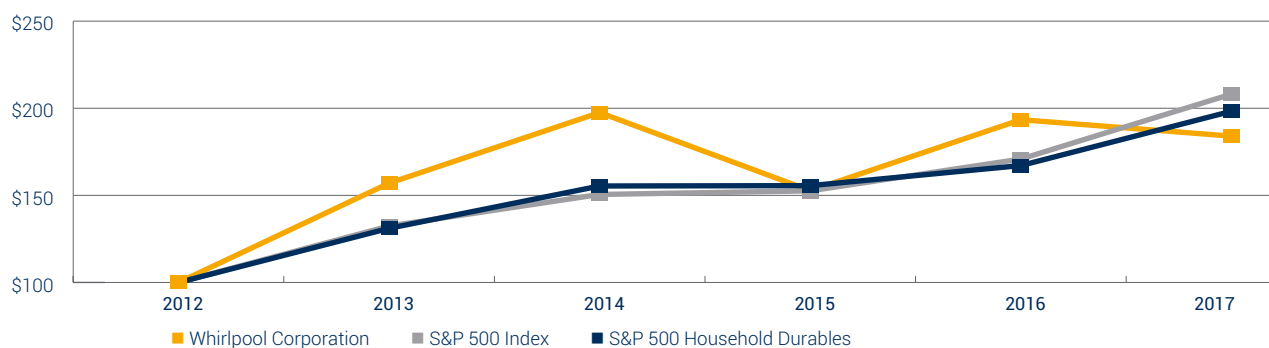
\*\*Cumulative total return is measured by dividing [1] the sum of [a] the cumulative amount of the dividends for the measurement period, assuming dividend reinvestment, and [b] the difference between share price at the end and at the beginning of the measurement period by [2] the share price at the beginning of the measurement period.

### Total Return to Shareholders

(Includes reinvestment of dividends)

| Company/Index              | ANNUAL RETURN PERCENTAGE<br>Years Ending |          |          |          |          |
|----------------------------|------------------------------------------|----------|----------|----------|----------|
|                            | Dec. '13                                 | Dec. '14 | Dec. '15 | Dec. '16 | Dec. '17 |
| Whirlpool Corporation      | 57.00%                                   | 25.81%   | -22.71%  | 26.71%   | -4.89%   |
| S&P 500 Index              | 32.39                                    | 13.69    | 1.38     | 11.96    | 21.82    |
| S&P 500 Household Durables | 31.08                                    | 18.54    | 0.12     | 7.42     | 18.65    |

| Company/Index              | Base Period<br>Dec. '12 | INDEXED RETURNS<br>Years Ending |          |          |          |          |
|----------------------------|-------------------------|---------------------------------|----------|----------|----------|----------|
|                            |                         | Dec. '13                        | Dec. '14 | Dec. '15 | Dec. '16 | Dec. '17 |
| Whirlpool Corporation      | \$100                   | \$157.00                        | \$197.52 | \$152.66 | \$193.44 | \$183.98 |
| S&P 500 Index              | 100                     | 132.39                          | 150.51   | 152.59   | 170.84   | 208.12   |
| S&P 500 Household Durables | 100                     | 131.08                          | 155.38   | 155.57   | 167.11   | 198.28   |





**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2017  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-3932



**WHIRLPOOL CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)  
2000 North M-63, Benton Harbor, Michigan  
(Address of principal executive offices)

38-1490038  
(I.R.S. Employer Identification No.)  
49022-2692  
(Zip Code)

Registrant's telephone number, including area code (269) 923-5000  
Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>            | <u>Name of each exchange on which registered</u>   |
|---------------------------------------|----------------------------------------------------|
| Common stock, par value \$1 per share | Chicago Stock Exchange and New York Stock Exchange |
| 0.625% Senior Notes due 2020          | New York Stock Exchange                            |

**Securities registered pursuant to Section 12(g) of the Act: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such report), 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

(Check one)

Large accelerated filer ☒

Accelerated filer ☐

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

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of voting common stock of the registrant held by stockholders not including voting stock held by directors and executive officers of the registrant and certain employee plans of the registrant (the exclusion of such shares shall not be deemed an admission by the registrant that any such person is an affiliate of the registrant) at the close of business on June 30, 2017 (the last business day of the registrant's most recently completed second fiscal quarter) was \$13,656,775,240.

On February 9, 2018, the registrant had 70,688,134 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the following documents are incorporated herein by reference into the Part of the Form 10-K indicated:

| <u>Document</u>                                                                                      | <u>Part of Form 10-K into which incorporated</u> |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| The registrant's proxy statement for the 2018 annual meeting of stockholders (the "Proxy Statement") | Part III                                         |

**WHIRLPOOL CORPORATION**

**ANNUAL REPORT ON FORM 10-K**

**For the fiscal year ended December 31, 2017**

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## PART I

### ITEM 1. BUSINESS

#### Our Company

More than 100 years of delivering value one moment at a time

Whirlpool Corporation ("Whirlpool"), the number one major appliance manufacturer in the world, was incorporated in 1955 under the laws of Delaware as the successor to a business that traces its origin to 1898. Whirlpool manufactures products in 15 countries and markets products in nearly every country around the world. 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 operating segments, which we define based on geography. Whirlpool's operating segments consist of North America, Europe, Middle East and Africa ("EMEA"), Latin America and Asia. As of December 31, 2017, Whirlpool had net sales of approximately \$21 billion and 92,000 employees.

As used herein, and except where the context otherwise requires, "Whirlpool," "the Company," "we," "us," and "our" refer to Whirlpool Corporation and its consolidated subsidiaries. The number one major appliance manufacturer in the world is based on most recently available publicly reported annual revenues among leading appliance manufacturers.

#### Our Strategic Architecture

Our strategic architecture is the foundational component that drives our shareholder value creation. It drives our strategy that is centered around our product leadership, brand leadership, operating excellence and people excellence. Below are the key components of our strategic architecture.



#### Vision

The Best Branded Consumer Products... In Every Home Around The World

#### Mission

Create Demand and Earn Trust Every Day

#### Strategy

| Product Leadership   | Brand Leadership  |
|----------------------|-------------------|
| Operating Excellence | People Excellence |

#### Values

Respect ■ Integrity ■ Diversity & Inclusion ■ Teamwork ■ Spirit of Winning

#### Unique Global Position

Whirlpool Corporation is committed to delivering significant, long-term value to both our consumers and our shareholders. For consumers, we deliver value through innovative, high-quality products that solve everyday problems. For our shareholders, we seek to deliver differentiated value through our four strategic pillars - global leading manufacturer, best brand portfolio, legacy of innovation and best cost position.



### Global Leading Manufacturer

We are the number one major appliance manufacturer in the world.

Our leading market position includes a balance of developed countries and emerging markets. As demand recovers in key emerging markets, we believe we are well positioned to benefit and convert this demand into profitable growth.

### Best Brand Portfolio

We have the best brand portfolio in the industry, including seven brands with more than \$1 billion in revenue.



We aim to position these desirable brands across many consumer segments. Our sales are led by our global brands, including *Whirlpool* and *KitchenAid*. *Whirlpool* is trusted throughout the world as a brand that delivers innovative care daily. Our *KitchenAid* brand brings a combination of innovation and design that inspires and fuels the passion of chefs, bakers and kitchen enthusiasts worldwide. These two brands are the backbone of our strategy to offer differentiated products that provide exceptional performance and desirable features while remaining affordable to consumers.

We also have a number of strong regional and local brands, including *Maytag*, *Brastemp*, *Consul*, *Hotpoint\**, *Indesit*, and *Bauknecht*. These brands add to our unmatched depth and breadth of appliance offerings and help us provide products that are tailored to local consumer needs and preferences.

\*Whirlpool ownership of the Hotpoint brand in the EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.



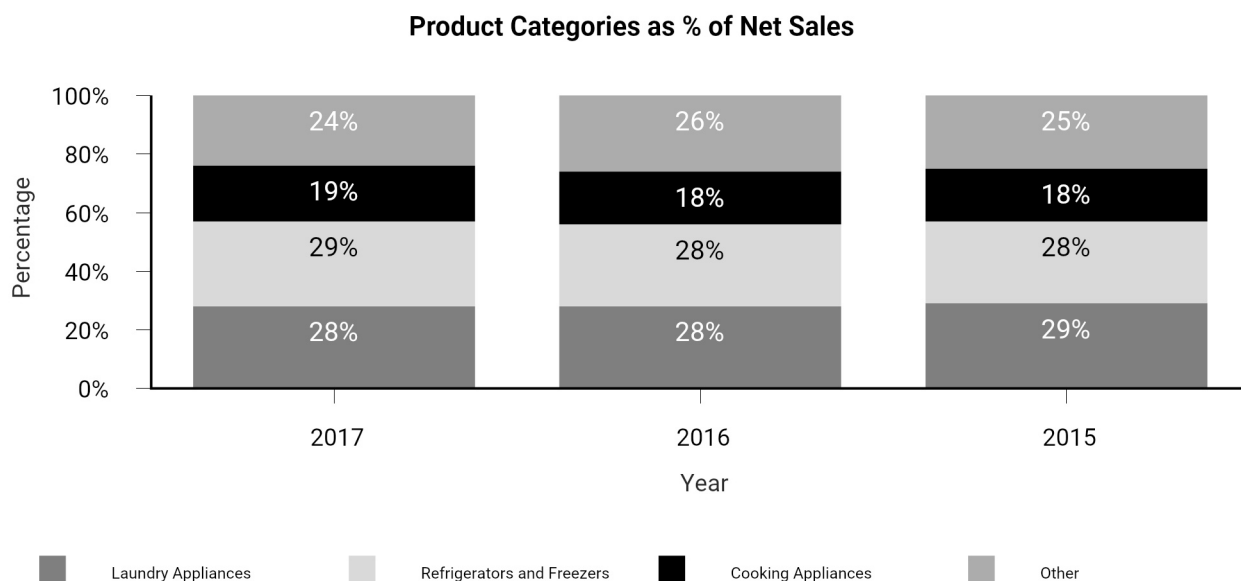
## Legacy of Innovation

Whirlpool Corporation has been responsible for a number of first-to-market innovations. From the first electric wringer washer in 1911, followed by the first residential stand mixer in 1919, to the first countertop microwave in 1967 and the first energy and water efficient top-load washer in 1998, we are proud of our legacy of innovation.

While we are proud of that legacy, we are also committed to innovating for a new generation of consumers. Our world-class innovation pipeline has accelerated over the last few years, driven by consistent innovation funding and a passionate culture of employees focused on bringing new technologies to market. This year, we launched more than 100 new products throughout the world, and we are committed to further accelerating our pace of innovation.

As the shift to digital continues, consumers are beginning to desire connected appliances which fit seamlessly into the larger home ecosystem. We are excited to bring new connected technologies to market, including scan-to-cook, voice control, and remote service diagnostics. Whether developed internally or with one of our many collaborators, we believe these digitally-enabled services will increasingly enhance the appliance experience for our consumers.

Whirlpool manufactures and markets a full line of major home appliances and related products. Our principal products are laundry appliances, refrigerators and freezers, cooking appliances, dishwashers, mixers and other small domestic appliances. We also produce hermetic compressors for refrigeration systems. The following chart provides the percentage of net sales for each of our product categories which accounted for 10% or more of our consolidated net sales over the last three years:



## Best Cost Position

As the number one major appliance manufacturer in the world, we have a cost benefit on everything we do based on scale, and are committed to a relentless focus on cost efficiency. Our global scale enables our local-for-local production model. We are focused on producing as efficiently as possible and at scale throughout the world.

As the global environment continues to change, we believe our strong capabilities for cost takeout allow us to effectively cope with macroeconomic challenges, and we see additional opportunities to further streamline our cost structure. For example, we are on a journey to reduce the complexity of our designs and product platforms. This initiative, among many others, will enable us to utilize increased modular production, improved scale in global procurement, and further streamline our day to day manufacturing operations.

We believe our cost position is clearly differentiated in the appliance industry and we are committed to even further improvement, creating strong levels of value for our shareholders, regardless of the external environment.

### Value Creation Framework

Our long-term value creation framework is built upon the strong foundation we have in place: our industry-leading brand portfolio and robust product innovation pipeline, supported by our global operating platform and executed by our exceptional employees throughout the world. We measure these value-creation components by focusing on the following key metrics:

| Profitable Growth                               | Margin Expansion                         | Cash Conversion                                     |
|-------------------------------------------------|------------------------------------------|-----------------------------------------------------|
| Innovation-fueled growth at or above the market | Drive cost and mix to grow profitability | Asset efficiency converts profitable growth to cash |
| <b>3-5%</b><br>Annual Organic Net Sales Growth  | <b>10%</b><br>EBIT Margin (by 2020)      | <b>5-6%</b><br>FCF as % of Net Sales (by 2018)      |

|      | Net Sales | YoY Change | Net Earnings Available to Whirlpool <sup>(1)</sup> | Ongoing EBIT Margin <sup>(1)</sup> | Ongoing EBIT Margin YoY Change | Cash Provided by Operating Activities <sup>(1)</sup> | Free Cash Flow <sup>(1)</sup> | FCF as % of Net Sales |
|------|-----------|------------|----------------------------------------------------|------------------------------------|--------------------------------|------------------------------------------------------|-------------------------------|-----------------------|
| 2017 | \$21.3B   | 2.6%       | \$350M                                             | 6.4%                               | (0.9)%                         | \$1,264M                                             | \$707M                        | 3.3%                  |
| 2016 | \$20.7B   | (0.8)%     | \$888M                                             | 7.3%                               | 0.4%                           | \$1,203M                                             | \$630M                        | 3.0%                  |
| 2015 | \$20.9B   | 5.1%       | \$783M                                             | 6.9%                               | 0.0%                           | \$1,225M                                             | \$620M                        | 3.0%                  |

(1) Net Earnings Available to Whirlpool and Cash Provided by Operating Activities are the most comparable GAAP measures to Ongoing EBIT Margin and Free Cash Flow, respectively, which are non-GAAP financial measures. For additional information and a reconciliation for these non-GAAP financial measures, see the Non-GAAP Financial Measures section in Management's Discussion and Analysis of this Form 10-K.

### Capital Allocation Strategy

We take a balanced approach to capital allocation by focusing on the following key metrics:

| Fund the Business          | Target                                             |
|----------------------------|----------------------------------------------------|
| Capex / R&D                | Capex: ~3.5% of net sales<br>R&D: ~3% of net sales |
| Mergers & Acquisitions     | Explore value-creating M&A to accelerate strategy  |
| Return to Shareholders     | Target                                             |
| Dividends                  | 25-30% of trailing 12-month earnings               |
| Share Repurchase           | Continued repurchasing                             |
| Targeted Capital Structure | Maintain strong investment grade rating            |

We remain confident in our ability to effectively manage our business regardless of the operating environment and expect to continue delivering long-term value for all of our shareholders.

## Regional Business Summary

|                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>North America</b></p>                          | <ul style="list-style-type: none"> <li>• In the United States, we market and distribute major home appliances and small domestic appliances primarily under the <i>Whirlpool</i>, <i>Maytag</i>, <i>KitchenAid</i>, <i>Jenn-Air</i>, <i>Amana</i>, <i>Roper</i>, <i>Admiral</i>, <i>Affresh</i> and <i>Gladiator</i> brand names primarily to retailers, distributors and builders.</li> <li>• In Canada, we market and distribute major home appliances primarily under the <i>Admiral</i>, <i>Whirlpool</i>, <i>Maytag</i>, <i>Jenn-Air</i>, <i>Amana</i>, <i>Roper</i>, <i>Estate</i>, <i>Speed Queen</i> and <i>KitchenAid</i> brand names.</li> <li>• In Mexico, we market and distribute major home appliances primarily under the <i>Whirlpool</i>, <i>Maytag</i>, <i>Acros</i>, <i>KitchenAid</i> and <i>Supermatic</i> brand names.</li> <li>• We sell some products to other manufacturers, distributors, and retailers for resale in North America under those manufacturers' and retailers' respective brand names.</li> </ul> |
| <p><b>Europe, Middle East and Africa (EMEA)</b></p>  | <ul style="list-style-type: none"> <li>• In EMEA, we market and distribute our major home appliances primarily under the <i>Whirlpool</i>, <i>Bauknecht</i>, <i>Ignis</i>, <i>Maytag</i>, <i>Laden</i>, <i>Indesit</i> and <i>Privileg</i> brand names. We also market major home appliances and small domestic appliances under the <i>KitchenAid</i>, <i>Hotpoint*</i>, and <i>Hotpoint-Ariston</i> brand name.</li> <li>• We market and distribute a full line of products under the <i>Whirlpool</i> and <i>KIC</i> brand names in South Africa. We also market and distribute products under the <i>Whirlpool</i>, <i>Bauknecht</i>, <i>Maytag</i>, <i>Indesit</i>, <i>Ariston</i>, <i>Amana</i> and <i>Ignis</i> brand names to distributors and dealers in Africa and the Middle East.</li> <li>• In addition to our operations in Western and Eastern Europe, Turkey and Russia, we have sales subsidiaries in Morocco and Dubai.</li> </ul>                                                                                       |
| <p><b>Latin America</b></p>                        | <ul style="list-style-type: none"> <li>• In Latin America, we market and distribute our major home appliances and small domestic appliances primarily under the <i>Consul</i>, <i>Brastemp</i>, <i>Whirlpool</i> and <i>KitchenAid</i> brand names.</li> <li>• We manage sales and distribution through our local entities in Brazil, Argentina, Chile, Peru, Ecuador, Colombia and Guatemala.</li> <li>• We also serve the countries of Bolivia, Paraguay, Uruguay, Venezuela, and certain Caribbean and Central America countries, where we manage appliances sales and distribution through accredited distributors.</li> <li>• Our Latin America operations also produce hermetic compressors for refrigeration systems.</li> </ul>                                                                                                                                                                                                                                                                                                    |
| <p><b>Asia</b></p>                                 | <ul style="list-style-type: none"> <li>• In Asia, we have organized the marketing and distribution of our major home appliances and small domestic appliances into five operating groups.</li> <li>• These five groups are: (1) mainland China; (2) Hong Kong and Taiwan; (3) India, which includes Bangladesh, Sri Lanka, Nepal and Pakistan; (4) Oceania, which includes Australia, New Zealand and Pacific Islands; and (5) Southeast Asia, which includes Thailand, Singapore, Malaysia, Indonesia, Vietnam, the Philippines, Korea, Myanmar and Japan.</li> <li>• We market and distribute our products in Asia primarily under the <i>Whirlpool</i>, <i>Maytag</i>, <i>KitchenAid</i>, <i>Amana</i>, <i>Bauknecht</i>, <i>Jenn-Air</i>, <i>Diqua</i>, and <i>Royalstar</i> brand names through a combination of direct sales to appliance retailers and chain stores and through full-service distributors to a large network of retail stores.</li> </ul>                                                                           |

\*Whirlpool ownership of the Hotpoint brand in the EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.

## Competition

Competition in the major home appliance industry is intense, including competitors such as Arcelik, Bosch Siemens, Electrolux, Haier, Kenmore, LG, Mabe, Midea, Panasonic and Samsung, many of which are increasingly expanding beyond their existing manufacturing footprint. The competitive environment includes the impact of a changing retail environment, including the shifting of consumer purchase preferences towards e-commerce and other channels. Moreover, our customer base includes large, sophisticated trade customers who have many choices and demand competitive products, services and prices. We believe that we can best compete in the current environment by focusing on introducing new and innovative products, building strong brands, enhancing trade customer and consumer value with our product and service offerings, expanding our regional footprint and trade distribution channels, increasing productivity, improving quality, lowering costs, and taking other efficiency-enhancing measures.

## Raw Materials and Purchased Components

We are generally not dependent upon any one source for raw materials or purchased components essential to our business. In areas where a single supplier is used, alternative sources are generally available and can be developed within the normal manufacturing environment. Some supply disruptions and unanticipated costs may be incurred in transitioning to a new supplier if a prior single supplier relationship was abruptly interrupted or terminated. In the event of a disruption, we believe that we will be able to qualify and use alternate materials, sometimes at premium costs, and that such raw materials and components will be available in adequate quantities to meet forecasted production schedules.

## Research and Development

Expenditures for research and development relating to new and innovative products and the improvement of existing products were approximately \$596 million, \$604 million and \$579 million in 2017, 2016 and 2015, respectively.

## Trademarks, Licenses and Patents

We consider the trademarks, copyrights, patents, and trade secrets we own, and the licenses we hold, in the aggregate, to be a valuable asset. Whirlpool is the owner of a number of trademarks in the United States and foreign countries. The most important trademarks to North America are *Whirlpool*, *Maytag*, *Jenn-Air*, *KitchenAid*, *Amana* and *Acros*. The most important trademarks to EMEA are *Whirlpool*, *KitchenAid*, *Bauknecht*, *Indesit*, *Hotpoint\**, *Hotpoint-Ariston* and *Ignis*. The most important trademarks to Latin America are *Consul*, *Brastemp*, *Whirlpool* and *KitchenAid*. The most important trademarks to Asia are *Whirlpool* and *Royalstar*. We receive royalties from licensing our trademarks to third parties to manufacture, sell and service certain products bearing the *Whirlpool*, *Maytag*, *KitchenAid*, *Amana* and *Bauknecht* brand names. We continually apply for and obtain United States and foreign patents. The primary purpose in obtaining patents is to protect our designs and technologies.

## Protection of the Environment

Our manufacturing facilities are subject to numerous laws and regulations designed to protect or enhance the environment, many of which require federal, state, or other governmental licenses and permits with regard to wastewater discharges, air emissions, and hazardous waste management. Our policy is to comply with all such laws and regulations. Where laws and regulations are less restrictive, we have established and are following our own standards, consistent with our commitment to environmental responsibility.

We believe that we are in compliance, in all material respects, with presently applicable governmental provisions relating to environmental protection in the countries in which we have manufacturing operations. Compliance with these environmental laws and regulations did not have a material effect on capital expenditures, earnings, or our competitive position during 2017 and is not expected to be material in 2018.

The entire major home appliance industry, including Whirlpool, must contend with the adoption of stricter government energy and environmental standards. These standards have been and continue to be phased in over the past several years and include the general phase-out of ozone-depleting chemicals used in refrigeration, and energy and related standards for selected major appliances, regulatory restrictions on the materials content specified for use in our products by some jurisdictions and mandated recycling of our products at the end of their useful lives. Compliance with these various standards, as they become effective, will require some product redesign. However, we believe, based on our understanding of the current state of proposed regulations, that we will be able to develop, manufacture, and market products that comply with these regulations.



Whirlpool participates in environmental assessments and cleanup at a number of locations globally. These include operating and non-operating facilities, previously owned properties and waste sites, including "Superfund" (under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites. However, based upon our evaluation of the facts and circumstances relating to these sites along with the evaluation of our technical consultants, we do not presently anticipate any material adverse effect on our financial statements arising out of the resolution of these matters or the resolution of any other known governmental proceeding regarding environmental protection matters.

## Other Information

For information about the challenges and risks associated with our foreign operations, see "Risk Factors" under Item 1A.

For certain other financial information concerning our business segments and foreign and domestic operations, see Note 13 to the Consolidated Financial Statements.

For information on our global restructuring plans, and the impact of these plans on our operating segments, see Note 11 to the Consolidated Financial Statements.

## Executive Officers of the Registrant

The following table sets forth the names and ages of our executive officers on February 13, 2018, the positions and offices they held on that date, and the year they first became executive officers:

| Name                    | Office                                                          | First Became an Executive Officer | Age |
|-------------------------|-----------------------------------------------------------------|-----------------------------------|-----|
| Jeff M. Fettig          | Director, Executive Chairman of the Board                       | 1994                              | 60  |
| Marc R. Bitzer          | Director, President and Chief Executive Officer                 | 2006                              | 53  |
| James W. Peters         | Executive Vice President and Chief Financial Officer            | 2016                              | 48  |
| João C. Brega           | Executive Vice President and President, Whirlpool Latin America | 2012                              | 54  |
| Esther Berrozpe Galindo | Executive Vice President and President, Whirlpool EMEA          | 2013                              | 48  |
| Joseph T. Liotine       | Executive Vice President and President, Whirlpool North America | 2014                              | 45  |

The executive officers named above were elected by our Board of Directors to serve in the office indicated until the first meeting of the Board of Directors following the annual meeting of stockholders in 2018 and until a successor is chosen and qualified or until the executive officer's earlier resignation or removal. Each of our executive officers has held the position set forth in the table above or has served Whirlpool in various executive or administrative capacities for at least the past five years.

## Available Information

Financial results and investor information (including Whirlpool's Form 10-K, 10-Q, and 8-K reports) are accessible at Whirlpool's website: [investors.whirlpoolcorp.com](http://investors.whirlpoolcorp.com). Copies of our Form 10-K, 10-Q, and 8-K reports and amendments, if any, are available free of charge through our website on the same day they are filed with, or furnished to, the Securities and Exchange Commission.

## ITEM 1A. RISK FACTORS

This report contains statements referring to Whirlpool that are not historical facts and are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are intended to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, are based on current projections about operations, industry conditions, financial condition and liquidity. Words that identify forward-looking statements include words such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," and words and terms of similar substance used in connection with any discussion of future operating or financial performance, an acquisition or merger, or our businesses. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking

statements. Those statements are not guarantees and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

We have listed below the most significant strategic, operational, financial, and legal and compliance risks relating to our business.

## **STRATEGIC RISKS**

### **We face intense competition in the major home appliance industry and failure to successfully compete could negatively affect our business and financial performance.**

Each of our operating segments operates in a highly competitive business environment and faces intense competition from a growing number of competitors, many of which have strong consumer brand equity. Several of these competitors, such as Arcelik, Bosch Siemens, Electrolux, Haier, Kenmore, LG, Mabe, Midea, Panasonic and Samsung are large, well-established companies, many ranking among the Global Fortune 150, and have demonstrated a commitment to global success. Moreover, our customer base includes large, sophisticated trade customers who have many choices and demand competitive products, services and prices. Competition in the global appliance industry is based on a number of factors including selling price, product features and design, performance, innovation, reputation, energy efficiency, quality, cost, distribution, and financial incentives, such as cooperative advertising, co-marketing funds, sales person incentives, volume rebates and terms. Many of our competitors are increasingly expanding beyond their existing manufacturing footprints. Our competitors, especially global competitors with low-cost sources of supply and/or highly protected home marketplaces outside the United States, have aggressively priced their products and/or introduced new products to increase market share and expand into new geographies. Many of our competitors have established and may expand their presence in the rapidly changing retail environment, including the shifting of consumer purchasing practices towards e-commerce and other channels. If we are unable to successfully compete in this highly competitive environment, our business and financial performance could be negatively affected.

### **The loss of, or substantial decline in, sales to any of our key trade customers, major buying groups, and builders could adversely affect our financial performance.**

We sell to a sophisticated customer base of large trade customers that have significant leverage as buyers over their suppliers. Most of our products are not sold through long-term contracts, allowing trade customers to change volume among suppliers. As the trade customers continue to become larger, they may seek to use their position to improve their profitability by various means, including improved efficiency, lower pricing, and increased promotional programs. If we are unable to meet their demand requirements, our volume growth and financial results could be negatively affected. The loss or substantial decline in volume of sales to our key trade customers, major buying groups, builders, or any other trade customers to which we sell a significant amount of products, could adversely affect our financial performance. Additionally, the loss of market share or financial difficulties, including bankruptcy and financial restructuring, by these trade customers could have a material adverse effect on our liquidity, financial position and results of operations.

### **Failure to maintain our reputation and brand image could negatively impact our business.**

Our brands have worldwide recognition, and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brands depends on our marketing efforts, including advertising and consumer campaigns, as well as product innovation. We could be adversely impacted if we fail to achieve any of these objectives or if, whether or not justified, the reputation or image of our company or any of our brands is tarnished or receives negative publicity. In addition, adverse publicity about regulatory or legal action against us, or product quality issues, could damage our reputation and brand image, undermine our customers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

In addition, our success in maintaining, extending and expanding our brand image depends on our ability to adapt to a rapidly changing media environment, including an increasing reliance on social media and online dissemination of advertising campaigns. Inaccurate or negative posts or comments about us on social networking and other websites that spread rapidly through such forums could seriously damage our reputation and brand image. If we do not maintain, extend and expand our brand image, then our product sales, financial condition and results of operations could be materially and adversely affected.

**An inability to effectively execute and manage our business objectives could adversely affect our financial performance.**

The highly competitive nature of our industry requires that we effectively execute and manage our business objectives including our global operating platform initiative. Our global operating platform initiative aims to reduce costs, expand margins, drive productivity and quality improvements, accelerate our rate of innovation, generate free cash flow and drive shareholder value. Our inability to effectively control costs and drive productivity improvements could affect our profitability. In addition, our inability to provide high-quality, innovative products could adversely affect our ability to maintain or increase our sales, which could negatively affect our revenues and overall financial performance. Additionally, our success is dependent on anticipating and appropriately reacting to changes in customer preferences, including the shifting of consumer purchasing practices towards e-commerce and other channels, and on successful new product and process development and product relaunches in response to such changes. Our future results and our ability to maintain or improve our competitive position will depend on our capacity to gauge the direction of our key product categories and geographic regions and upon our ability to successfully and timely identify, develop, manufacture, market, and sell new or improved products in these changing environments.

**Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brands.**

We consider our intellectual property rights, including patents, trademarks, copyrights and trade secrets, and the licenses we hold, to be a significant part and valuable aspect of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third party nondisclosure and assignment agreements. Our failure to obtain or adequately protect our trademarks, products, new features of our products, or our processes may diminish our competitiveness.

We have applied for intellectual property protection in the United States and other jurisdictions with respect to certain innovations and new products, design patents, product features, and processes. We cannot be assured that the U.S. Patent and Trademark Office or any similar authority in other jurisdictions will approve any of our patent applications. Additionally, the patents we own could be challenged or invalidated, others could design around our patents or the patents may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Further, the laws of certain foreign countries in which we do business, or contemplate doing business in the future, do not recognize intellectual property rights or protect them to the same extent as United States law. As a result, these factors could weaken our competitive advantage with respect to our products, services, and brands in foreign jurisdictions, which could adversely affect our financial performance.

Moreover, while we do not believe that any of our products infringe on enforceable intellectual property rights of third parties, others may assert intellectual property rights that cover some of our technology, brands, products, or services. Any litigation regarding patents or other intellectual property could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. Claims of intellectual property infringement might also require us to enter into costly license agreements or modify our products or services. We also may be subject to significant damages, injunctions against development and sale of certain products or services, or limited in the use of our brands.

## **OPERATIONAL RISKS**

**We face risks associated with our acquisitions and other investments and risks associated with our increased presence in emerging markets.**

From time to time, we make strategic acquisitions, investments and participate in joint ventures. For example, we acquired Indesit and a majority interest in Hefei Sanyo in the fourth quarter of 2014. These transactions, and other transactions that we have entered into or which we may enter into in the future, can involve significant challenges and risks, including that the transaction does not advance our business strategy or fails to produce a satisfactory return on our investment. We may encounter difficulties in integrating acquisitions with our operations, applying our internal control processes to these acquisitions, and managing strategic investments, and in overseeing the operations, systems and controls of acquired companies. For example, in 2017, we recorded an adjustment primarily for trade promotion accruals by our China business, and took certain actions as a result of our review of the conduct and processes involved. Integrating acquisitions is often costly and may require significant attention from management. Furthermore, we may not realize the degree, or timing, of benefits we anticipate when we first enter into a transaction. While our evaluation of any potential acquisition includes business, legal and financial due diligence with the goal of identifying and evaluating the material risks involved, our due diligence reviews may not identify all

of the issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities or costs associated with any quality issues with an acquisition target's legacy products.

Our growth plans include efforts to increase revenue from emerging markets, including through acquisitions. Local business practices in these countries may not comply with U.S. laws, local laws or other laws applicable to us or our compliance policies, which non-compliant practices may result in increased liability risks. For example, we may incur unanticipated costs, expenses or other liabilities as a result of an acquisition target's violation of applicable laws, such as the U.S. Foreign Corrupt Practices Act (FCPA) or similar worldwide anti-bribery laws in non-U.S. jurisdictions. We may incur unanticipated costs or expenses, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities. In addition, our recent and future acquisitions may increase our exposure to other risks associated with operating internationally, including foreign currency exchange rate fluctuations; political, legal and economic instability; inflation; changes in tax rates and tax laws; and work stoppages and labor relations.

**Risks associated with our international operations may decrease our revenues and increase our costs.**

For the year ended December 31, 2017, international operations represent approximately 52% of our net sales. We expect that international sales will continue to account for a significant percentage of our net sales for the foreseeable future. Accordingly, we face numerous risks associated with conducting international operations, any of which could negatively affect our financial performance. These risks include the following:

- Political, legal, and economic instability and uncertainty
- Foreign currency exchange rate fluctuations
- Changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws
- Changes in diplomatic and trade relationships, including sanctions resulting from the current political situation in countries in which we do business
- Inflation and/or deflation
- Changes in foreign country regulatory requirements
- Various import/export restrictions and disruptions and the availability of required import/export licenses
- Imposition of tariffs and other trade barriers
- Managing widespread operations and enforcing internal policies and procedures such as compliance with U.S. and foreign anti-bribery, anti-corruption regulations and anti-money laundering, such as the FCPA, and antitrust laws
- Labor disputes and work stoppages at our operations and suppliers
- Government price controls
- The inability to collect accounts receivable
- Limitations on the repatriation or movement of earnings and cash

As a U.S. corporation, we are subject to the FCPA, which may place us at a competitive disadvantage to foreign companies that are not subject to similar regulations. Additionally, any determination that we have violated the FCPA or other anti-corruption laws could have a material adverse effect on us.

Terrorist attacks, armed conflicts, civil unrest, natural disasters, governmental actions and epidemics could affect our domestic and international sales, disrupt our supply chain, and impair our ability to produce and deliver our products. Such events could directly impact our physical facilities or those of our suppliers or customers.



**We may be subject to information technology system failures, network disruptions, cybersecurity attacks and breaches in data security, which may materially adversely affect our operations, financial condition and operating results.**

We depend on information technology to improve the effectiveness of our operations and to interface with our customers, consumers and employees, as well as to maintain financial accuracy and efficiency. Our business processes and data sharing across functions, suppliers, and vendors is dependent on information technology integration. The failure of any systems, whether internal or third-party, during normal operation, system upgrades, implementations, or connections, could disrupt our operations by causing transaction errors, processing inefficiencies, delays or cancellation of customer orders, the loss of customers, impediments to the manufacture or shipment of products, other financial and business disruptions, or the loss of or damage to intellectual property and the personally identifiable data of consumers and employees.

In addition, we have outsourced certain information technology support services and administrative functions, such as system application maintenance and benefit plan administration, to third-party service providers and may outsource other functions in the future to achieve cost savings and efficiencies. If these service providers do not perform effectively, we may not achieve the expected cost savings and may incur additional costs to correct errors made by such service providers. Depending on the function involved, such errors may also lead to business disruption, processing inefficiencies or the loss of or damage to intellectual property and personally identifiable information through system compromise, or harm employee morale.

Our information systems, or those of our third-party service providers, could also be impacted by inappropriate or mistaken activity of parties intent on extracting or corrupting information or disrupting business processes. Such unauthorized access could disrupt our business and could result in the loss of assets. Cybersecurity attacks are becoming more sophisticated and include malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. These events could impact our customers, consumers, employees, third-parties and reputation and lead to financial losses from remediation actions, loss of business or potential liability or an increase in expense, all of which may have a material adverse effect on our business.

**Product-related liability or product recall costs could adversely affect our business and financial performance.**

We may be exposed to product-related liabilities, which in some instances may result in product redesigns, product recalls, or other corrective action. In addition, any claim, product recall or other corrective action that results in significant adverse publicity, particularly if those claims or recalls cause customers to question the safety or reliability of our products, may negatively affect our business, financial condition, or results of operations. We maintain product liability insurance, but it may not be adequate to cover losses related to product liability claims brought against us. Product liability insurance could become more expensive and difficult to maintain and may not be available on commercially reasonable terms, if at all. We may also be involved in certain class action and other litigation, for which no insurance is available. A cost effective market for product recall insurance may not exist, so any product recall we initiate could have a significant impact on our operating results and/or cash flows.

We regularly engage in investigations of potential quality and safety issues as part of our ongoing effort to deliver quality products to our customers. We are currently investigating a limited number of potential quality and safety issues, and as appropriate, we undertake to effect repair or replacement of appliances. Actual costs of these and any future issues depend upon several factors, including the number of consumers who respond to a particular recall, repair and administrative costs, whether the cost of any corrective action is borne by us or the supplier, and, if borne by us, whether we will be successful in recovering our costs from the supplier. The actual costs incurred as a result of these issues and any future issues could have a material adverse effect on our business, financial condition or results of operations.

**The ability of suppliers to deliver parts, components and manufacturing equipment to our manufacturing facilities, and our ability to manufacture without disruption, could affect our global business performance.**

We use a wide range of materials and components in the global production of our products, which come from numerous suppliers. Because not all of our business arrangements provide for guaranteed supply and some key parts may be available only from a single supplier or a limited group of suppliers, we are subject to supply and pricing risk. In addition, certain proprietary component parts used in some of our products are provided by single-source unaffiliated third-party suppliers. We would be unable to obtain these proprietary components for an indeterminate period of time if these single-source suppliers were to cease or interrupt production or otherwise fail to supply these components to us, which could adversely affect our product sales and operating results. Our operations and those of our suppliers are subject to disruption for a variety of reasons, including work stoppages, labor relations, intellectual property claims against suppliers, information technology failures, and hazards such as fire, earthquakes, flooding, or other natural disasters, insurance for any of which may not be available, affordable or adequate. Such disruption could interrupt our ability to manufacture certain products. Any significant disruption could negatively impact our revenue and/or earnings performance.

**Our ability to attract, develop and retain executives and other qualified employees is crucial to our results of operations and future growth.**

We depend upon the continued services and performance of our key executives, senior management and skilled personnel, particularly professionals with experience in our business and operations and the home appliance industry. We cannot be sure that any of these individuals will continue to be employed by us. In the case of talent losses, significant time is required to hire, develop and train skilled replacement personnel. An inability to hire, develop, transfer retained knowledge, engage and retain a sufficient number of qualified employees could materially hinder our business by, for example, delaying our ability to bring new products to market or impairing the success of our operations.

**A deterioration in labor relations could adversely impact our global business.**

As of December 31, 2017, we had approximately 92,000 employees. We are subject to separate collective bargaining agreements with certain labor unions, which generally have four to five year terms, as well as various other commitments regarding our workforce. We periodically negotiate with certain unions representing our employees and may be subject to work stoppages or may be unable to renew collective bargaining agreements on the same or similar terms, or at all, all of which may also have a material adverse effect on our business, financial condition, or results of operations.

## **FINANCIAL RISKS**

**Fluctuations and volatility in the cost of raw materials and purchased components could adversely affect our operating results.**

The sources and prices of the primary materials (such as steel, resins, and base metals) used to manufacture our products and components containing those materials are susceptible to significant global and regional price fluctuations due to supply/demand trends, transportation costs, labor costs, government regulations (such as conflict mineral provisions) and tariffs, changes in currency exchange rates, price controls, the economic climate, and other unforeseen circumstances. For example, we experienced significant raw material inflation during 2017, which negatively impacted our operating results. Significant increases in these and other costs now and in the future could have a material adverse effect on our operating results.

**Foreign currency fluctuations may affect our financial performance.**

We generate a significant portion of our revenue and incur a significant portion of our expenses in foreign currencies. Changes in the exchange rates of functional currencies of those operations affect the U.S. dollar value of our revenue and earnings from our foreign operations. We use currency forwards, net investment hedges, and options to manage our foreign currency transaction exposures. We cannot completely eliminate our exposure to foreign currency fluctuations, which may adversely affect our financial performance. In addition, because our consolidated financial results are reported in U.S. dollars, if we generate sales or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those sales or earnings.

Finally, the amount of legal contingencies related to foreign operations may fluctuate significantly based upon changes in exchange rates and usually cannot be managed with currency forwards, options or other arrangements. Such fluctuations in exchange rates can significantly increase or decrease the amount of any legal contingency related to our foreign operations and make it difficult to assess and manage the potential exposure.

**Goodwill and indefinite-life intangible asset impairment charges may adversely affect our operating results.**

We have a substantial amount of goodwill and indefinite-life intangible assets, primarily trademarks, on our balance sheet. We test the goodwill and intangible assets for impairment on an annual basis and when events occur or circumstances change that indicate that the fair value of the reporting unit or intangible asset may be below its carrying amount. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions regarding revenue growth rates, operating margins, capital expenditures, working capital requirements, tax rates, terminal growth rates, discount rates, royalty rates, benefits associated with a taxable transaction and synergistic benefits available to market participants. Declines in market conditions, a trend of weaker than anticipated financial performance for our reporting units or declines in projected revenue for our trademarks, a decline in our share price for a sustained period of time, an increase in the market-based weighted average cost of capital or a decrease in royalty rates, among other factors, are indicators that the carrying value of our goodwill or indefinite-life intangible assets may not be recoverable. We may be required to record a goodwill or intangible asset impairment charge that, if incurred, could have a material adverse effect on our financial condition and results of operations.

**Impairment of long-lived assets may adversely affect our operating results**

Our long-lived asset groups are subject to an impairment assessment when certain triggering events or circumstances indicate that their carrying value may be impaired. If the carrying value exceeds our estimate of future undiscounted cash flows of the operations related to the asset group, an impairment is recorded for the difference between the carrying amount and the fair value of the asset group. The results of these tests for potential impairment may be adversely affected by unfavorable market conditions, our financial performance trends, or an increase in interest rates, among other factors. If as a result of the impairment test we determine that the fair value of any of our long-lived asset groups is less than its carrying amount, we may incur an impairment charge that could have a material adverse effect on our financial condition and results of operations.

**We face inventory valuation risk.**

We write down product and component inventories that have become obsolete or do not meet anticipated demand or net realizable value. No assurance can be given that, given the unpredictable pace of product obsolescence and business conditions with trade customers and in general, we will not incur additional inventory related charges. Such charges could negatively affect our financial condition and operating results.

**We are exposed to risks associated with the uncertain global economy.**

Uncertain and changing economic conditions within our regions, along with national debt and fiscal concerns in various regions and government austerity measures, are posing challenges to the industry in which we operate. A number of economic factors, including gross domestic product, availability of consumer credit, interest rates, consumer sentiment and debt levels, retail trends, housing starts, sales of existing homes, the level of mortgage refinancing and defaults, fiscal and credit market uncertainty, and foreign currency exchange rates, currency controls, inflation and deflation, generally affect demand for our products.

Economic uncertainty and related factors exacerbate negative trends in business and consumer spending and may cause certain customers to push out, cancel, or refrain from placing orders for our products. Uncertain market conditions, difficulties in obtaining capital, or reduced profitability may also cause some customers to scale back operations, exit markets, merge with other retailers, or file for bankruptcy protection and potentially cease operations, which can also result in lower sales and/or additional inventory. These conditions may similarly affect key suppliers, which could impair their ability to deliver parts and result in delays for our products or added costs. In addition, these conditions may lead to strategic alliances by, or consolidation of, other appliance manufacturers, which could adversely affect our ability to compete effectively.

A decline in economic activity and conditions in certain areas in which we operate have had an adverse effect on our financial condition and results of operations in recent years, and future declines and adverse conditions could have a similar adverse effect. Regional, political and economic instability in countries in which we do business may adversely affect business conditions, disrupt our operations, and have an adverse effect on our financial condition and results of operations. Uncertainty about future economic and industry conditions also makes it more challenging for us to forecast our operating results, make business decisions, and identify and prioritize the risks that may affect our businesses, sources and uses of cash, financial condition and results of operations. We may be required to implement additional cost reduction efforts, including restructuring activities, which may adversely affect our ability to capitalize on opportunities in a market recovery. In addition, our operations are subject to general credit, liquidity, foreign exchange, market and interest rate risks. Our ability to invest in our businesses, fund strategic acquisitions and refinance maturing debt obligations depends in part on access to the capital markets.

If we do not timely and appropriately adapt to changes resulting from the uncertain macroeconomic environment and industry conditions, or to difficulties in the financial markets, or if we are unable to continue to access the capital markets, our business, financial condition and results of operations may be materially and adversely affected.

**Significant differences between actual results and estimates of the amount of future funding for our pension plans and postretirement health care benefit programs, and significant changes in funding assumptions or significant increases in funding obligations due to regulatory changes, could adversely affect our financial results.**

We have both funded and unfunded defined benefit pension plans that cover certain employees around the world. We also have unfunded postretirement health care benefit plans for eligible retired employees. The Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code, as amended, govern the funding obligations for our U.S. pension plans, which are our principal pension plans. Our U.S. defined benefit plans were frozen on or before December 31, 2006 for substantially all participants. Since 2007, U.S. employees have been eligible for an enhanced employer contribution under Whirlpool's defined contribution (401(k)) plan.

As of December 31, 2017, our projected benefit obligations under our pension plans and postretirement health and welfare benefit programs exceeded the fair value of plan assets by an aggregate of approximately \$1.4 billion, including \$1.0 billion of which was attributable to pension plans and \$0.4 billion of which was attributable to postretirement health care benefits. Estimates for the amount and timing of the future funding obligations of these pension plans and postretirement health and welfare benefit plans are based on various assumptions. These assumptions include discount rates, expected long-term rate of return on plan assets, life expectancies and health care cost trend rates. These assumptions are subject to change based on changes in interest rates on high quality bonds, stock and bond market returns, health care cost trend rates and regulatory changes, all of which are largely outside our control. Significant differences in results or significant changes in assumptions may materially affect our postretirement obligations and related future contributions and expenses.

## **LEGAL & COMPLIANCE RISKS**

**Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.**

We are subject to a variety of litigation and legal compliance risks relating to, among other things, products, intellectual property rights, income and non-income taxes, environmental matters, corporate matters, commercial matters, competition laws and distribution, marketing and trade practices, anti-bribery, anti-corruption, energy regulations, financial regulations and employment and benefit matters. For example, we are currently disputing certain income and non-income tax related assessments issued by the Brazilian authorities (see Notes 5 and 12 to the Consolidated Financial Statements for additional information on these matters). Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period. Results of such proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost effectively available. Regardless of merit, such proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. We estimate loss contingencies and establish accruals as required by generally accepted accounting principles, based on our assessment of contingencies where liability is deemed probable and reasonably estimable, in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings, volatility in foreign currency exchange rates and other factors may affect our assessment and estimates of the loss



contingency recorded and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which amounts would be paid. Actual results may significantly vary from our reserves.

**We are subject to, and could be further subject to, governmental investigations or actions by other third parties.**

We are subject to various federal, foreign and state laws, including antitrust and product-related laws and regulations, violations of which can involve civil or criminal sanctions. Responding to governmental investigations or other actions may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. The impact of these and other investigations and lawsuits could have a material adverse effect on our financial position, liquidity and results of operations.

**Changes in the legal and regulatory environment, including changes in taxes and tariffs, could limit our business activities, increase our operating costs, reduce demand for our products or result in litigation.**

The conduct of our businesses, and the production, distribution, sale, advertising, labeling, safety, transportation and use of many of our products, are subject to various laws and regulations administered by federal, state and local governmental agencies in the United States, as well as to foreign laws and regulations administered by government entities and agencies in countries in which we operate. These laws and regulations may change, sometimes dramatically, as a result of political, economic or social events. Changes in laws, regulations or governmental policy and the related interpretations may alter the environment in which we do business and may impact our results or increase our costs or liabilities. In addition, we incur and will continue to incur capital and other expenditures to comply with various laws and regulations, especially relating to protection of the environment, human health and safety and energy efficiency. These types of costs could adversely affect our financial performance. Additionally, we could be subjected to future liabilities, fines or penalties or the suspension of product production for failing to comply with various laws and regulations, including environmental regulations. Cleanup obligations that might arise at any of our manufacturing sites or the imposition of more stringent environmental laws in the future could adversely affect us.

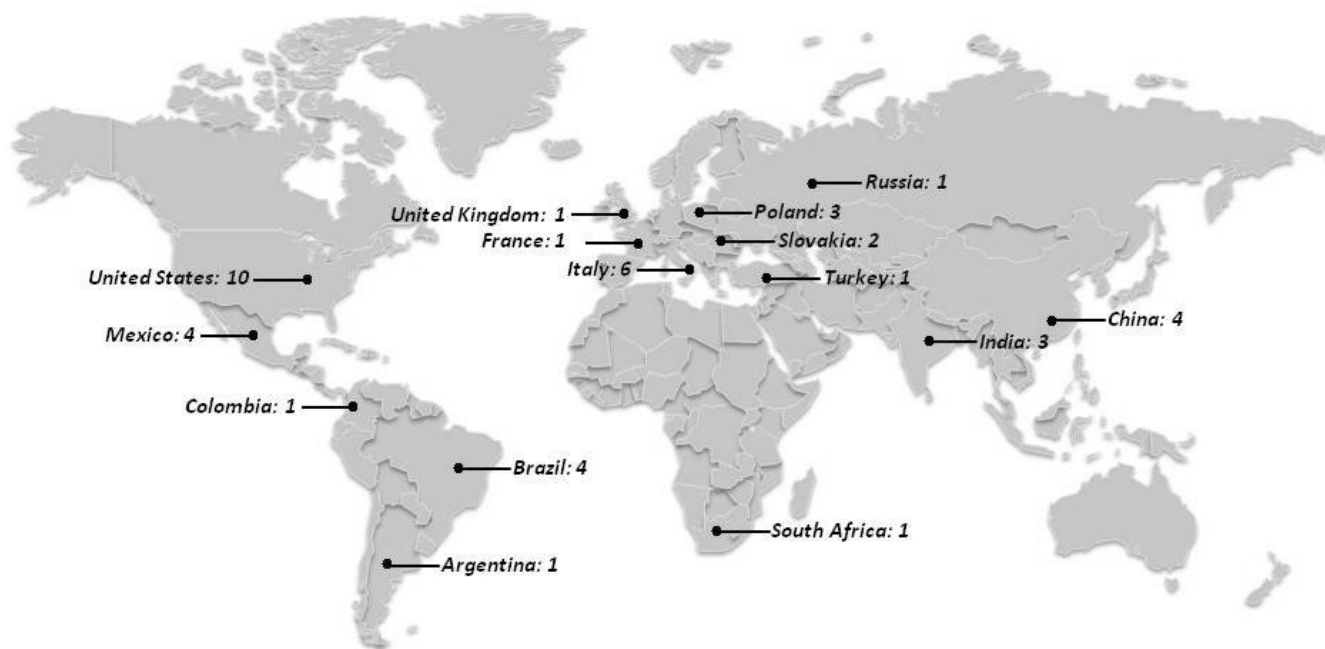
Additionally, as a global company based in the United States, we are exposed to the impact of U.S. tax changes, especially those that affect the effective corporate income tax rate. In addition to the changes recently enacted in the Tax Cuts and Jobs Act, the U.S. federal government may propose additional changes to international trade agreements, tariffs, taxes, and other government rules and regulations. At December 31, 2017, the Company had not completed its accounting for the tax effects of the enactment of the Tax Cuts and Jobs Act; however, in certain cases the Company has made a reasonable estimate of the effects on its existing deferred tax balances and impact of the one-time Transition Tax. The tax expense recognized represents the Company's best estimate of the impact of the Tax Cuts and Jobs Act. During 2018, the Company will continue to refine the calculations related to both provisional amounts as it gains a more thorough understanding of the tax law, and certain aspects of the Tax Cuts and Jobs Act are clarified by the taxing authorities. These regulatory changes could significantly impact our business and financial performance. For additional information about our consolidated tax provision, see Note 12 to the Consolidated Financial Statements.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## ITEM 2. PROPERTIES

Our principal executive offices are located in Benton Harbor, Michigan. On December 31, 2017, our principal manufacturing operations were carried on at 43 locations in 15 countries worldwide. We occupied a total of approximately 86.4 million square feet devoted to manufacturing, service, sales and administrative offices, warehouse and distribution space. Over 42.3 million square feet of such space was occupied under lease. Whirlpool properties include facilities which are suitable and adequate for the manufacture and distribution of Whirlpool's products.



The Company's principal manufacturing sites by operating segment were as follows:

| Operating Segment       | North America | Europe, Middle East and Africa | Latin America | Asia |
|-------------------------|---------------|--------------------------------|---------------|------|
| Manufacturing Locations | 13            | 14                             | 10            | 6    |

## ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings can be found in Note 5 to the Consolidated Financial Statements and is incorporated herein by reference.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Whirlpool's common stock is traded on the New York Stock Exchange and the Chicago Stock Exchange. As of February 9, 2018, the number of holders of record of Whirlpool common stock was approximately 9,904.

Quarterly market and dividend information can be found in Note 14 to the Consolidated Financial Statements.

On April 18, 2016, our Board of Directors authorized a share repurchase program of up to \$1 billion. For the year ended December 31, 2017, we repurchased 4,010,000 shares at an aggregate purchase price of approximately \$700 million under this program. As of December 31, 2017, there were no remaining funds authorized under this program.

On July 25, 2017, our Board of Directors authorized an additional share repurchase program of up to \$2 billion. For the year ended December 31, 2017, we repurchased 305,500 shares at an aggregate purchase price of approximately \$50 million under this program. At December 31, 2017, there were approximately \$1.95 billion in remaining funds authorized under this program.

Share repurchases are made from time to time on the open market as conditions warrant. These programs do not obligate us to repurchase any of our shares and they have no expiration date.

The following table summarizes repurchases of Whirlpool's common stock in the three months ended December 31, 2017:

| 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 Plans |
|-----------------------------------------------------------------|----------------------------------|------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| October 1, 2017 through October 31, 2017                        | 370,200                          | \$ 161.99                    | 370,200                                                                          | \$ 2,090                                                                     |
| November 1, 2017 through November 30, 2017                      | 857,499                          | 163.37                       | 857,499                                                                          | 1,950                                                                        |
| December 1, 2017 through December 31, 2017                      | —                                | —                            | —                                                                                | \$ 1,950                                                                     |
| Total                                                           | <u>1,227,699</u>                 | \$ 162.95                    | <u>1,227,699</u>                                                                 |                                                                              |

## ITEM 6. SELECTED FINANCIAL DATA

### FIVE-YEAR SELECTED FINANCIAL DATA

| (Millions of dollars, except share and employee data)            | 2017      | 2016      | 2015      | 2014      | 2013      |
|------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>CONSOLIDATED OPERATIONS</b>                                   |           |           |           |           |           |
| Net sales                                                        | \$ 21,253 | \$ 20,718 | \$ 20,891 | \$ 19,872 | \$ 18,769 |
| Restructuring costs                                              | 275       | 173       | 201       | 136       | 196       |
| Depreciation and amortization                                    | 654       | 655       | 668       | 560       | 540       |
| Operating profit                                                 | 1,136     | 1,368     | 1,242     | 1,216     | 1,267     |
| Earnings before income taxes and other items                     | 887       | 1,114     | 1,031     | 881       | 917       |
| Net earnings                                                     | 337       | 928       | 822       | 692       | 849       |
| Net earnings available to Whirlpool                              | 350       | 888       | 783       | 650       | 827       |
| Capital expenditures                                             | 684       | 660       | 689       | 720       | 578       |
| Dividends paid                                                   | 312       | 294       | 269       | 224       | 187       |
| Repurchase of common stock                                       | 750       | 525       | 250       | 25        | 350       |
| <b>CONSOLIDATED FINANCIAL POSITION</b>                           |           |           |           |           |           |
| Current assets                                                   | \$ 7,930  | \$ 7,339  | \$ 7,325  | \$ 8,098  | \$ 7,022  |
| Current liabilities                                              | 8,505     | 7,662     | 7,744     | 8,403     | 6,794     |
| Accounts receivable, inventories and accounts payable, net       | 856       | 918       | 746       | 778       | 548       |
| Property, net                                                    | 4,033     | 3,810     | 3,774     | 3,981     | 3,041     |
| Total assets                                                     | 20,038    | 19,153    | 19,010    | 20,002    | 15,544    |
| Long-term debt                                                   | 4,392     | 3,876     | 3,470     | 3,544     | 1,846     |
| Total debt <sup>(1)</sup>                                        | 5,218     | 4,470     | 3,998     | 4,347     | 2,463     |
| Whirlpool stockholders' equity                                   | 4,198     | 4,773     | 4,743     | 4,885     | 4,924     |
| <b>PER SHARE DATA</b>                                            |           |           |           |           |           |
| Basic net earnings available to Whirlpool                        | \$ 4.78   | \$ 11.67  | \$ 9.95   | \$ 8.30   | \$ 10.42  |
| Diluted net earnings available to Whirlpool                      | 4.70      | 11.50     | 9.83      | 8.17      | 10.24     |
| Dividends                                                        | 4.30      | 3.90      | 3.45      | 2.88      | 2.38      |
| Book value <sup>(2)</sup>                                        | 56.42     | 61.82     | 59.54     | 61.39     | 60.97     |
| Closing Stock Price-NYSE                                         | 168.64    | 181.77    | 146.87    | 193.74    | 156.86    |
| <b>KEY RATIOS</b>                                                |           |           |           |           |           |
| Operating profit margin                                          | 5.3%      | 6.6%      | 5.9%      | 6.1%      | 6.8%      |
| Pre-tax margin <sup>(3)</sup>                                    | 4.2%      | 5.4%      | 4.9%      | 4.4%      | 4.9%      |
| Net margin <sup>(4)</sup>                                        | 1.6%      | 4.3%      | 3.7%      | 3.3%      | 4.4%      |
| Return on average Whirlpool stockholders' equity <sup>(5)</sup>  | 7.8%      | 18.7%     | 16.3%     | 13.3%     | 18.0%     |
| Return on average total assets <sup>(6)</sup>                    | 1.8%      | 4.7%      | 4.0%      | 3.7%      | 5.3%      |
| Current assets to current liabilities                            | 0.9       | 1.0       | 0.9       | 1.0       | 1.0       |
| Total debt as a percent of invested capital <sup>(7)</sup>       | 50.4%     | 43.8%     | 41.3%     | 42.9%     | 33.0%     |
| Price earnings ratio <sup>(8)</sup>                              | 35.9      | 15.8      | 14.9      | 23.7      | 15.3      |
| <b>OTHER DATA</b>                                                |           |           |           |           |           |
| Common shares outstanding (in thousands):                        |           |           |           |           |           |
| Average number-on a diluted basis                                | 74,400    | 77,211    | 79,667    | 79,578    | 80,761    |
| Year-end common shares outstanding                               | 70,646    | 74,465    | 77,221    | 77,956    | 77,417    |
| Year-end number of stockholders                                  | 9,960     | 10,528    | 10,663    | 11,225    | 11,889    |
| Year-end number of employees                                     | 92,000    | 93,000    | 97,000    | 100,000   | 69,000    |
| Five-year annualized total return to stockholders <sup>(9)</sup> | 13.0%     | 33.6%     | 13.0%     | 22.0%     | 34.0%     |

(1) Total debt includes notes payable and current and long-term debt.

(2) Total Whirlpool stockholders' equity divided by average number of shares on a diluted basis.

(3) Earnings (loss) before income taxes, as a percent of net sales.

(4) Net earnings available to Whirlpool, as a percent of net sales.

(5) Net earnings available to Whirlpool, divided by average Whirlpool stockholders' equity.

(6) Net earnings available to Whirlpool, divided by average total assets.

(7) Total debt divided by total debt and total stockholders' equity.

(8) Closing stock price divided by diluted net earnings available to Whirlpool.

(9) Stock appreciation plus reinvested dividends, divided by share price at the beginning of the period.



## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management Discussion and Analysis should be read in connection with the Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Selected Financial Data included in this Form 10-K. Certain references to particular information in the Notes to the Consolidated Financial Statements are made to assist readers.

### **OVERVIEW**

Whirlpool Corporation delivered record revenues and the second highest year ever in terms of ongoing earnings per share in 2017. These results were solid, but we committed to delivering better results, and the challenges we faced caused us to revise our outlook throughout the year.

We experienced significant raw material inflation during the year, particularly resins, which turned into a \$600 million challenge for 2017 and 2018 combined. Our results were also impacted by slow progress on European and China integration activities. These two combined factors led to a performance shortfall against our targets.

To offset these challenges, we have taken strong and decisive actions. We implemented cost-based price increases across the majority of our business effective early 2018, and have committed to a net fixed cost reduction of \$150 million, which is already over 80 percent implemented. We firmly believe these are the right actions and that we have the right strategy to deliver improved performance in 2018 and our long-term goals.

## RESULTS OF OPERATIONS

The following table summarizes the consolidated results of operations:

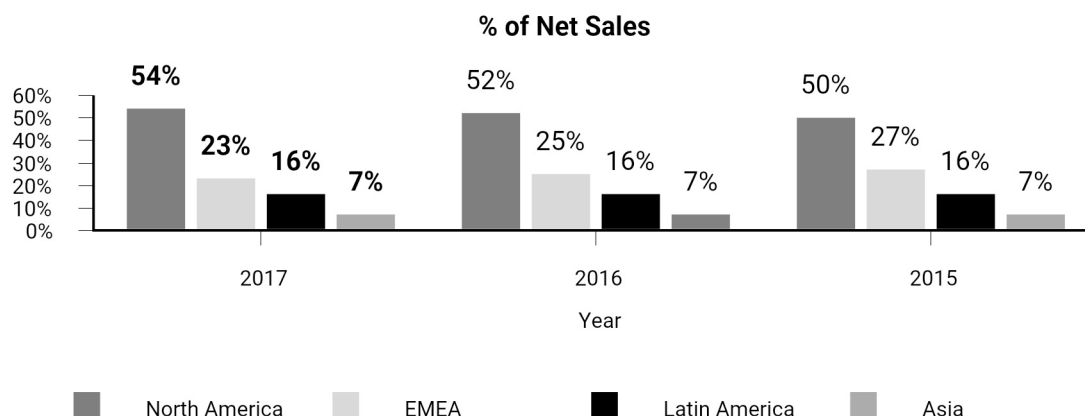
| Consolidated - In Millions (except per share data)    | December 31, |                    |           |                    |           |
|-------------------------------------------------------|--------------|--------------------|-----------|--------------------|-----------|
|                                                       | 2017         | Better/<br>(Worse) | 2016      | Better/<br>(Worse) | 2015      |
| Units (in thousands)                                  | 71,704       | —%                 | 71,692    | 2.0%               | 70,272    |
| Net sales                                             | \$ 21,253    | 2.6                | \$ 20,718 | (0.8)              | \$ 20,891 |
| Gross margin                                          | 3,602        | (2.2)              | 3,692     | 0.9                | 3,660     |
| Selling, general and administrative                   | 2,112        | (1.5)              | 2,080     | 2.8                | 2,143     |
| Restructuring costs                                   | 275          | (58.9)             | 173       | 13.9               | 201       |
| Interest and sundry (income) expense                  | 87           | 6.5                | 93        | nm                 | 46        |
| Interest expense                                      | 162          | (0.7)              | 161       | 2.4                | 165       |
| Income tax expense                                    | 550          | nm                 | 186       | 11.3               | 209       |
| Net earnings available to Whirlpool                   | 350          | (60.6)             | 888       | 13.4               | 783       |
| Diluted net earnings available to Whirlpool per share | \$ 4.70      | (59.1)%            | \$ 11.50  | 17.0%              | \$ 9.83   |

nm: not meaningful

Consolidated net sales for 2017 increased 2.6% compared to 2016, primarily driven by favorable impacts from product price/mix and foreign currency. Excluding the impact of foreign currency, consolidated net sales for 2017 increased 1.5% compared to 2016. Consolidated net sales for 2016 decreased 0.8% compared to 2015 primarily driven by unfavorable impacts from foreign currency and product price/mix, partially offset by higher unit volumes. Excluding the impact of foreign currency, consolidated net sales for 2016 increased 1.6% compared to 2015.

For additional information regarding non-GAAP financial measures including net sales excluding the impact of foreign currency, see the Non-GAAP Financial Measures section of this Management's Discussion and Analysis.

The chart below summarizes the balance of net sales by operating segments for 2017, 2016 and 2015, respectively.

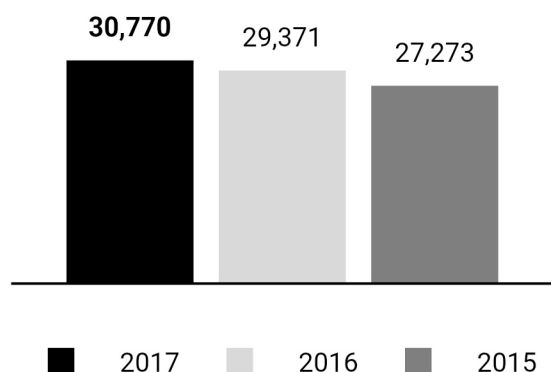


The consolidated gross margin percentage for 2017 decreased to 16.9% compared to 17.8% in 2016, primarily driven by unfavorable impacts from raw material inflation across all regions and product price/mix in the EMEA region, partially offset by cost productivity and restructuring benefits. The consolidated gross margin percentage for 2016 increased to 17.8% compared to 17.5% in 2015, primarily due to ongoing cost productivity and acquisition synergies, unit volume growth, and benefits from cost and capacity-reduction initiatives, partially offset by the unfavorable impacts from product price/mix and foreign currency.

## North America

Following are the results for the North America region:

### Units Sold (Thousands)



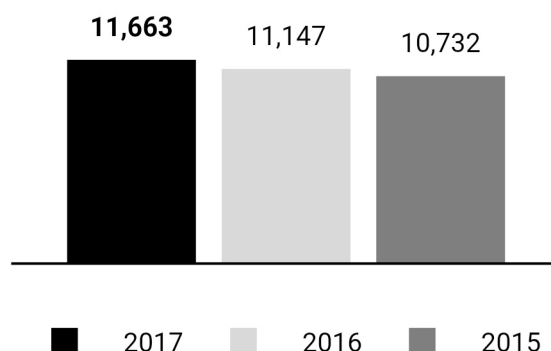
### 2017 compared to 2016

Units sold for 2017 increased 4.8% compared to 2016.

### 2016 compared to 2015

Units sold for 2016 increased 7.7% compared to 2015.

### Net Sales (\$ Millions)



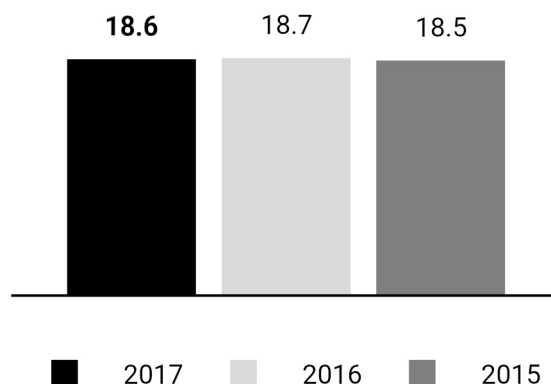
### 2017 compared to 2016

Net sales for 2017 increased 4.6% compared to 2016 primarily driven by unit volume growth. Excluding the impact of foreign currency, net sales increased 4.5% in 2017 compared to the same period in 2016.

### 2016 compared to 2015

Net sales for 2016 increased 3.9% compared to 2015 primarily due to unit volume growth, partially offset by unfavorable impacts from product price/mix and foreign currency. Excluding the impact of foreign currency, net sales increased 5.0% in 2016.

### Gross Margin (%)



### 2017 compared to 2016

Gross margin percentage for 2017 decreased compared to 2016 primarily driven by an unfavorable impact from raw material inflation, partially offset by unit volume growth and favorable cost productivity.

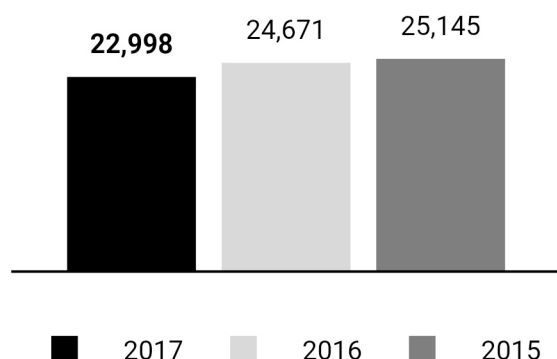
### 2016 compared to 2015

Gross margin percentage increased compared to 2015 primarily due to the reclassification of certain components of net periodic benefit cost for pension and postretirement benefits, unit volume growth, ongoing cost productivity, partially offset by unfavorable product price/mix, recognition of postretirement-benefit curtailment gains in 2015 and foreign currency.

## EMEA

Following are the results for the EMEA region:

### Units Sold (Thousands)



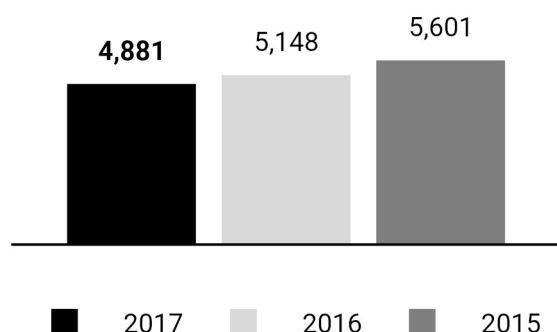
#### 2017 compared to 2016

Units sold for 2017 decreased 6.8% compared to 2016.

#### 2016 compared to 2015

Units sold for 2016 decreased 1.9% compared to 2015.

### Net Sales (\$ Millions)



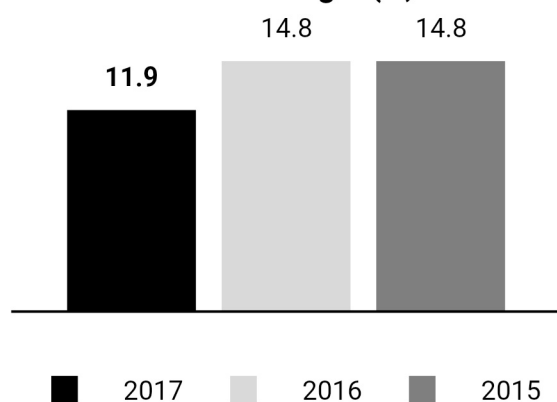
#### 2017 compared to 2016

Net sales for 2017 decreased 5.2% compared to 2016 primarily driven by unit volume declines, partially offset by a favorable impact from foreign currency. Excluding the impact of foreign currency, net sales decreased 6.8% in 2017.

#### 2016 compared to 2015

Net sales for 2016 decreased 8.1% compared to 2015, primarily due to unfavorable impacts from foreign currency, product price/mix and unit volume declines. Excluding the impact of foreign currency, net sales decreased 4.3% in 2016.

### Gross Margin (%)



#### 2017 compared to 2016

Gross margin percentage for 2017 decreased compared to 2016 primarily driven by unfavorable impacts from product price/mix, unit volume declines and raw material inflation, partially offset by cost productivity and restructuring benefits.

#### 2016 compared to 2015

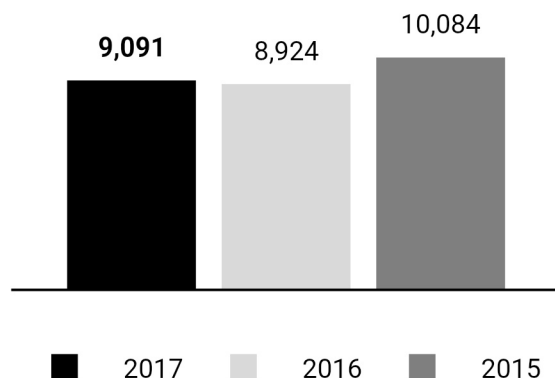
Gross margin percentage for 2016 remained flat compared to 2015.



## Latin America

Following are the results for the Latin America Region:

### Units Sold (Thousands)



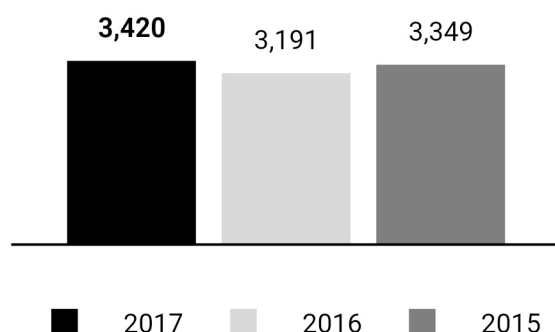
#### 2017 compared to 2016

Units sold for 2017 increased 1.9% compared to 2016.

#### 2016 compared to 2015

Units sold for 2016 decreased 11.5% compared to 2015.

### Net Sales (\$ Millions)



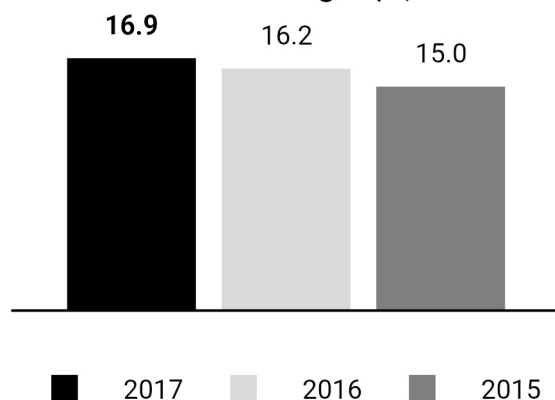
#### 2017 compared to 2016

Net sales for 2017 increased 7.2% compared to 2016 primarily driven by favorable impacts from foreign currency, unit volume growth, product price/mix and the sale and monetization of certain tax credits. Excluding the impact of foreign currency, net sales increased 3.2% in 2017.

#### 2016 compared to 2015

Net sales for 2016 decreased 4.7% compared to 2015 primarily due to unit volume declines and unfavorable impacts from foreign currency, partially offset by favorable product price/mix. Excluding the impact of foreign currency, net sales decreased 1.5% in 2016.

### Gross Margin (%)



#### 2017 compared to 2016

Gross margin percentage for 2017 increased compared to 2016 primarily driven by favorable cost productivity and the sale and monetization of certain tax credits, partially offset by unfavorable raw material inflation.

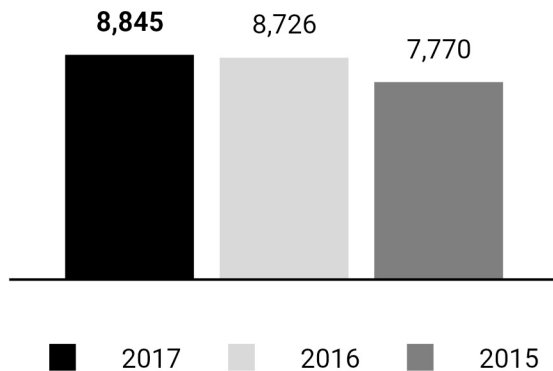
#### 2016 compared to 2015

Gross margin percentage for 2016 increased compared to 2015 primarily due to favorable product price/mix and benefits from cost and capacity reduction initiatives, partially offset by unit volume declines due to the weakened demand environment in Brazil.

## Asia

Following are the results of the Asia region:

### Units Sold (Thousands)



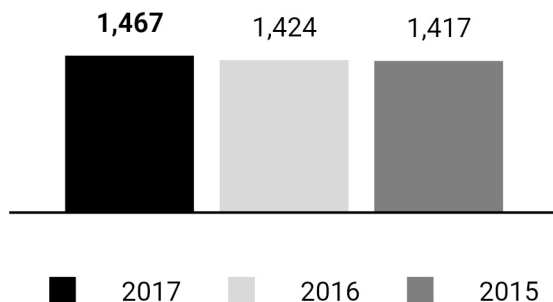
#### 2017 compared to 2016

Units sold for 2017 increased 1.4% compared to 2016.

#### 2016 compared to 2015

Units sold for 2016 increased 12.3% compared to 2015.

### Net Sales (\$ Millions)



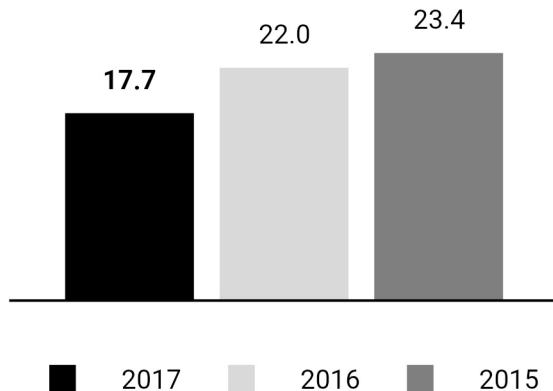
#### 2017 compared to 2016

Net sales for 2017 increased 3.0% compared to 2016 primarily driven by favorable impacts from product price/mix and unit volume growth. Excluding the impact of foreign currency, Asia net sales increased by 2.9% in 2017.

#### 2016 compared to 2015

Net sales for 2016 increased 0.5% compared to 2015 primarily due to unit volume growth, partially offset by unfavorable impacts from product price/mix and foreign currency. Excluding the impact of foreign currency, Asia net sales increased 5.4% in 2016.

### Gross Margin (%)



#### 2017 compared to 2016

Gross margin percentage decreased in 2017 compared to 2016, primarily driven by unfavorable raw material inflation, partially offset by restructuring benefits, favorable cost productivity, unit volume growth and favorable impact of Chinese government incentives. Additionally, gross margin also includes an adjustment primarily related to trade promotion accruals in prior periods.

#### 2016 compared to 2015

Asia gross margin percentage decreased in 2016, compared to 2015, primarily due to unfavorable product price/mix and increased investments in marketing, technology and products, partially offset by unit volume growth and benefits from ongoing cost productivity.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS - (CONTINUED)**

## **Selling, General and Administrative**

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

| Millions of dollars | December 31,    |                        |                 |                        |                 |                        |
|---------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
|                     | 2017            | As a %<br>of Net Sales | 2016            | As a %<br>of Net Sales | 2015            | As a %<br>of Net Sales |
| North America       | \$ 795          | 6.8 %                  | \$ 783          | 7.0 %                  | \$ 780          | 7.3 %                  |
| EMEA                | 556             | 11.4                   | 577             | 11.2                   | 601             | 10.7                   |
| Latin America       | 331             | 9.7                    | 304             | 9.5                    | 314             | 9.4                    |
| Asia                | 240             | 16.3                   | 216             | 15.2                   | 226             | 16.0                   |
| Corporate/other     | 190             | —                      | 200             | —                      | 222             | —                      |
| Consolidated        | <u>\$ 2,112</u> | 9.9 %                  | <u>\$ 2,080</u> | 10.0 %                 | <u>\$ 2,143</u> | 10.3 %                 |

Consolidated selling, general and administrative expenses as a percent of consolidated net sales in 2017 remained flat compared to 2016. Consolidated selling, general and administrative expenses as a percent of consolidated net sales in 2016 decreased compared to 2015, reflecting the favorable impact of acquisition synergies, partially offset by foreign currency.

## **Restructuring**

We incurred restructuring charges of \$275 million, \$173 million and \$201 million for the years ended December 31, 2017, 2016 and 2015, respectively. For the full year 2018, we expect to incur up to \$200 million of restructuring charges, which should result in ongoing substantial cost reductions.

For additional information about restructuring activities, see Note 11 to the Consolidated Financial Statements.

## **Interest and Sundry (Income) Expense**

Interest and sundry (income) expenses were \$87 million, \$93 million and \$46 million for the years ended December 31, 2017, 2016 and 2015, respectively. The Interest and sundry (income) expense decreased \$6 million in 2017 compared to 2016, primarily due to a favorable impact from foreign currency. During 2016, interest and sundry (income) expense increased \$47 million compared to 2015, primarily due to the reclassification of certain components of net periodic benefit cost for pension and postretirement benefits.

For additional information about the retrospective presentation and impact of net periodic benefit cost, see Note 1 to the Consolidated Financial Statements.

## **Interest Expense**

Interest expenses were \$162 million, \$161 million and \$165 million for the years ended December 31, 2017, 2016 and 2015, respectively. Interest expense increased by \$1 million in 2017 compared to 2016. This was primarily due to higher average long-term debt balances. During 2016, interest expense decreased by \$4 million compared to 2015. This was a result of lower average interest rates on long-term debt, offset by higher average long-term debt balances.

## **Income Taxes**

Income tax expenses were \$550 million, \$186 million and \$209 million for the years ended December 31, 2017, 2016 and 2015, respectively. The increase in tax expense in 2017 compared to 2016 is primarily due to the one-time charge of approximately \$420 million as result of the enactment of the Tax Cuts and Jobs Act, including the impact from a reduced tax rate on the valuations of deferred tax assets, the one-time deemed repatriation tax and other related items. Excluding the impact from tax reform, the decrease in tax expense compared to 2016 is primarily due to increased tax planning benefits. The decrease in tax expense in 2016 compared to 2015 is primarily due to favorable audits and settlements and tax planning resulting in valuation allowance releases, partially offset by higher pre-tax earnings.

For additional information about our consolidated tax provision, see Note 12 to the Consolidated Financial Statements.

## FORWARD-LOOKING PERSPECTIVE

Earnings per diluted share presented below are net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our anticipated 2018 full-year tax rate in the mid 20's. We currently estimate earnings per diluted share and industry demand for 2018 to be within the following ranges:

|                                                                                    | <b>2018<br/>Current Outlook</b> |          |                |
|------------------------------------------------------------------------------------|---------------------------------|----------|----------------|
| <b>Estimated earnings per diluted share, for the year ending December 31, 2018</b> | <b>\$12.45</b>                  | <b>—</b> | <b>\$13.45</b> |
| Including:                                                                         |                                 |          |                |
| Restructuring Expense                                                              |                                 |          | \$(2.76)       |
| Income Tax Impact                                                                  |                                 |          | \$0.71         |
| <b>Industry demand</b>                                                             |                                 |          |                |
| North America <sup>(1)</sup>                                                       | 2%                              | —        | 3%             |
| EMEA                                                                               | 1%                              | —        | 2%             |
| Latin America <sup>(2)</sup>                                                       | 1%                              | —        | 2%             |
| Asia                                                                               | 2%                              | —        | 4%             |

<sup>(1)</sup> Reflects industry demand in the United States.

<sup>(2)</sup> Reflects industry demand in Brazil.

For the full-year 2018, we expect to generate cash from operating activities of \$1.7 billion to \$1.8 billion and free cash flow of approximately \$1.0 billion to \$1.1 billion, including primarily acquisition related restructuring cash outlays of up to \$300 million, pension contributions of \$34 million and, with respect to free cash flow, capital expenditures of approximately \$675 million.

The table below reconciles projected 2018 cash provided by operating activities determined in accordance with 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 Hefei Sanyo in 2014 and which are used to fund capital expenditures and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Hefei Sanyo acquisition completed in October 2014. For additional information regarding non-GAAP financial measures, see the Non-GAAP Financial Measures section of Management's Discussion and Analysis.

| <b>Millions of dollars</b>                                                                   | <b>2018<br/>Current Outlook</b> |
|----------------------------------------------------------------------------------------------|---------------------------------|
| Cash provided by operating activities <sup>(1)</sup>                                         | \$ 1,675 — \$1,775              |
| Capital expenditures, proceeds from sale of assets/businesses and changes in restricted cash | ~ (675)                         |
| Free cash flow                                                                               | <u>\$ 1,000 — \$1,100</u>       |

<sup>(1)</sup> Financial guidance on a GAAP basis for cash provided by (used in) financing activities and cash provided by (used in) investing activities has not been provided because in order to prepare any such estimate or projection, the Company would need to rely on market factors and certain other conditions and assumptions that are outside of its control.

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.



## **NON-GAAP FINANCIAL MEASURES**

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures, some of which we refer to as "ongoing" measures, including:

- Earnings before interest and taxes (EBIT)
- Ongoing EBIT
- Ongoing EBIT margin
- Sales excluding currency
- Ongoing net sales
- Free cash flow

Ongoing measures exclude items that may not be indicative of, or are unrelated to, results from our ongoing operations and provide a better baseline for analyzing trends in our underlying businesses. Ongoing EBIT margin is calculated by dividing ongoing EBIT by ongoing net sales. Ongoing net sales for the twelve months ended December 31, 2017 excludes \$32 million primarily related to an adjustment for trade promotion accruals in prior periods. Sales excluding foreign currency is calculated by translating the current period net sales, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales. Management believes that sales excluding foreign currency provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations. Management believes that free cash flow provides investors and stockholders with a relevant measure of liquidity and a useful basis for assessing the Company's ability to fund its activities and obligations. The Company provides free cash flow related metrics, such as free cash flow as a percentage of net sales, as long-term management goals, not an element of its annual financial guidance, and as such does not provide a reconciliation of free cash flow to cash provided by (used in) operating activities, the most directly comparable GAAP measure, for these long-term goal metrics. Any such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the Company's control.

We believe that these non-GAAP measures provide meaningful information to assist investors and stockholders in understanding our financial results and assessing our prospects for future performance, and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP financial measures, provide a more complete understanding of our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These ongoing financial measures should not be considered in isolation or as a substitute for reported net earnings available to Whirlpool, net sales, and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Please refer to a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures below.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS - (CONTINUED)**

| <b>Ongoing Earnings Before Interest &amp; Taxes (EBIT) Reconciliation:</b><br><i>in millions</i> | <b>Twelve Months Ended December 31,</b> |                 |                 |
|--------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|-----------------|
|                                                                                                  | <b>2017</b>                             | <b>2016</b>     | <b>2015</b>     |
| Net earnings available to Whirlpool                                                              | \$ 350                                  | \$ 888          | \$ 783          |
| Net earnings (loss) available to noncontrolling interests                                        | (13)                                    | 40              | 39              |
| Income tax expense                                                                               | 550                                     | 186             | 209             |
| Interest expense                                                                                 | 162                                     | 161             | 165             |
| Earnings before interest & taxes                                                                 | <u>\$ 1,049</u>                         | <u>\$ 1,275</u> | <u>\$ 1,196</u> |
| Restructuring expense                                                                            | 275                                     | 173             | 201             |
| Out-of-period adjustment                                                                         | 40                                      | —               | —               |
| Legacy product warranty and liability expense                                                    | —                                       | (23)            | 42              |
| Acquisition related transition costs                                                             | —                                       | 86              | 64              |
| Benefit plan curtailment gain                                                                    | —                                       | —               | (62)            |
| Gain related to a business investment                                                            | —                                       | —               | (46)            |
| Pension settlement charges                                                                       | —                                       | —               | 15              |
| Antitrust and dispute resolutions                                                                | —                                       | —               | 35              |
| Ongoing EBIT                                                                                     | <u>\$ 1,364</u>                         | <u>\$ 1,511</u> | <u>\$ 1,445</u> |

| <b>Free Cash Flow (FCF) Reconciliation:</b><br><i>in millions</i>                           | <b>Twelve Months Ended December 31,</b> |              |              |
|---------------------------------------------------------------------------------------------|-----------------------------------------|--------------|--------------|
|                                                                                             | <b>2017</b>                             | <b>2016</b>  | <b>2015</b>  |
| Cash provided by operating activities                                                       | \$1,264                                 | \$1,203      | \$1,225      |
| Capital expenditures, proceeds from sale of assets/businesses and change in restricted cash | (557)                                   | (573)        | (605)        |
| Free cash flow                                                                              | <u>\$707</u>                            | <u>\$630</u> | <u>\$620</u> |

## **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. We avoid concentrations of debt and reduce liquidity risk by diversifying the maturity structure. 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.

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 \$376 million of term debt maturing in the next twelve months, and are currently evaluating our options, which may include repayment through refinancing, free cash flow generation, or cash on hand.

We monitor the credit ratings and market indicators of credit risk of our lending, depository, and derivative counterparty banks regularly, and take certain action to manage credit risk. We diversify our deposits and investments in short term cash equivalents to limit the concentration of exposure by counterparty.

As of December 31, 2017, we had cash or cash equivalents greater than 1% of our consolidated assets in China and Brazil, which represented 2.7% and 1.1%, respectively. In addition, we did not have any third-party accounts receivable greater than 1% of our consolidated assets in any single country outside of North America. We continue to monitor general financial instability and uncertainty globally.

The Company had cash and cash equivalents of approximately \$1.2 billion at December 31, 2017, of which substantially all was held by subsidiaries in foreign countries. For each of its foreign subsidiaries, the Company makes an assertion regarding the amount of earnings intended for permanent reinvestment, with the balance available to be repatriated to the United States. The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operational activities and future foreign investments. Our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate the cash to fund our U.S. operations. However, if these funds were repatriated, we would be required to accrue and pay applicable United States

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

taxes (if any) and withholding taxes payable to various countries. It is not practical to estimate the amount of the deferred tax liability associated with the repatriation of cash due to the complexity of its hypothetical calculation.

### Sources and Uses of Cash

We met our cash needs during 2017 through cash flows from operations, cash and cash equivalents, and financing arrangements. Our cash and cash equivalents at December 31, 2017 increased \$111 million compared to the same period in 2016.

The following table summarizes the net increase (decrease) in cash and cash equivalents for the periods presented. Significant drivers of changes in our cash and cash equivalents balance during 2017 are discussed below:

### Cash Flow Summary

| Millions of dollars                                  | 2017          | 2016          | 2015            |
|------------------------------------------------------|---------------|---------------|-----------------|
| <b>Cash provided by (used in):</b>                   |               |               |                 |
| Operating activities                                 | \$ 1,264      | \$ 1,203      | \$ 1,225        |
| Investing activities                                 | (655)         | (588)         | (681)           |
| Financing activities                                 | (553)         | (278)         | (707)           |
| Effect of exchange rate changes                      | 55            | (24)          | (91)            |
| Net increase (decrease) in cash and cash equivalents | <u>\$ 111</u> | <u>\$ 313</u> | <u>\$ (254)</u> |

### Cash Flows from Operating Activities

The increase in cash provided by operating activities during 2017 is primarily driven by effective credit management, improvement in working capital and lower cash expenditures related to legacy product corrective action, partially offset by lower net earnings.

The timing of cash flows from operations varies significantly throughout the year primarily due to changes in production levels, sales patterns, promotional programs, funding requirements, credit management, as well as receivable and payment terms. Depending on the 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.

### Cash Flows from Investing Activities

The increase in cash used in investing activities during 2017 primarily reflects an increase in capital expenditures, the net impact of purchases and proceeds related to held to maturity securities and investment in related businesses.

In June 2016, Whirlpool China Co., Ltd. ("Whirlpool China"), our majority-owned indirect subsidiary, entered into an agreement to return land use rights for land now occupied by two Whirlpool China plants in Hefei, China to a division of the Hefei municipal government. The aggregate price for the return of land use rights was approximately RMB 687 million (approximately \$103 million as of June 27, 2016). Whirlpool China received RMB 280 million (approximately \$42 million) in 2016 and we received payments totaling RMB 280 million in 2017, with the remainder to be paid in 2018. The remaining balance is RMB 127 million (approximately \$19 million as of December 31, 2017).

### Cash Flows from Financing Activities

The increase in cash used in financing activities during 2017 primarily reflects share repurchase activity, repayments of long-term debt and dividend payments, partially offset by net proceeds from long-term and short-term debt. Cash used in financing activities during 2016 primarily reflects share repurchase activity and repayments of long-term debt. Cash used in financing activities during 2015 primarily reflects share repurchase activity.

## **Whirlpool Subsidiary Share Repurchase**

On July 12, 2016, Whirlpool S.A. ("WHR SA") and Brasmotor S.A. ("BMT"), both majority-owned indirect subsidiaries of Whirlpool Corporation, issued public announcements in Brazil reporting that Whirlpool do Brasil Ltda., the controlling shareholder of both WHR SA and BMT, intended to acquire the outstanding common and preferred shares of WHR SA and BMT by means of tender offers for the publicly-held shares. At that time, Whirlpool do Brasil Ltda. and other Whirlpool entities held 99.20% of the common and 95.68% of the preferred shares of WHR SA and 99.40% of the common and 93.55% of the preferred shares of BMT. The tender offers were launched in November 2016 and concluded in December 2016. The offer for BMT was successful and the squeeze-out was completed in January 2017 at a total cost of approximately \$31 million. The WHR SA tender offer was abandoned because the minimum number of interested minority shareholders was not obtained.

## **Financing Arrangements**

The Company had total committed credit facilities of approximately \$3.6 billion as of December 31, 2017, which increased by \$500 million from December 31, 2016 due primarily to an increase under the Amended Long-Term Facility entered into during the third quarter of 2017. The facilities reflect the Company's growing global operations. The Company believes these facilities are sufficient to support its global operations. We had no borrowings outstanding under the committed credit facilities at December 31, 2017 and 2016, respectively.

For additional information about our financing arrangements, see Note 4 to the Consolidated Financial Statements.

## **Dividends**

In April 2017, our Board of Directors approved a 10% increase in our quarterly dividend on our common stock to \$1.10 per share from \$1 per share.

## **Repurchase Program**

For additional information about our repurchase program, see Note 9 to the Consolidated Financial Statements.

## **CONTRACTUAL OBLIGATIONS AND FORWARD-LOOKING CASH REQUIREMENTS**

The following table summarizes our expected cash outflows resulting from financial contracts and commitments:

| Millions of dollars                                  | Payments due by period |                 |                 |                 |                 |
|------------------------------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                      | Total                  | 2018            | 2019 & 2020     | 2021 & 2022     | Thereafter      |
| Long-term debt obligations <sup>(1)</sup>            | \$ 6,227               | \$ 506          | \$ 1,091        | \$ 792          | \$ 3,838        |
| Operating lease obligations                          | 976                    | 222             | 341             | 194             | 219             |
| Purchase obligations <sup>(2)</sup>                  | 614                    | 179             | 278             | 112             | 45              |
| United States & Foreign pension plans <sup>(3)</sup> | 752                    | 52              | 125             | 150             | 425             |
| Other postretirement benefits <sup>(4)</sup>         | 310                    | 41              | 76              | 63              | 130             |
| Legal settlements <sup>(5)</sup>                     | 7                      | 7               | —               | —               | —               |
| Total <sup>(6)</sup>                                 | <u>\$ 8,886</u>        | <u>\$ 1,007</u> | <u>\$ 1,911</u> | <u>\$ 1,311</u> | <u>\$ 4,657</u> |

(1) Interest payments related to long-term debt are included in the table above. For additional information about our financing arrangements, see Note 4 to the Consolidated Financial Statements.

(2) Purchase obligations include our "take-or-pay" contracts with materials vendors and minimum payment obligations to other suppliers.

(3) Represents the minimum contributions required for foreign and domestic pension plans based on current interest rates, asset return assumptions, legislative requirements and other actuarial assumptions at December 31, 2017. Management may elect to contribute amounts in addition to those required by law. See Note 6 to the Consolidated Financial Statements for additional information.

(4) Represents our portion of expected benefit payments under our retiree healthcare plans.

(5) For additional information regarding legal settlements, see Note 5 to the Consolidated Financial Statements.

(6) This table does not include credit facility and commercial paper borrowings. For additional information about short-term borrowings, see Note 4 to the Consolidated Financial Statements. This table does not include future anticipated income tax settlements; see Note 12 to the Consolidated Financial Statements.



## **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. As of December 31, 2017 and 2016, we had approximately \$407 million and \$327 million outstanding under these agreements, respectively.

For additional information about our off-balance sheet arrangements, see Note 5 to the Consolidated Financial Statements.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. We periodically evaluate these estimates and assumptions, which are based on historical experience, changes in the business environment and other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates.

### **Pension and Other Postretirement Benefits**

Accounting for pensions and other postretirement benefits involves estimating the costs of future benefits and attributing the cost over the employee's expected period of employment. The determination of our obligation and expense for these costs requires the use of certain assumptions. Those key assumptions include the discount rate, expected long-term rate of return on plan assets, life expectancy, and health care cost trend rates. These assumptions are subject to change based on interest rates on high quality bonds, stock and bond markets and medical cost inflation, respectively. Actual results that differ from our assumptions are accumulated and amortized over future periods and therefore, generally affect our recognized expense and accrued liability in such future periods. While we believe that our assumptions are appropriate given current economic conditions and actual experience, significant differences in results or significant changes in our assumptions may materially affect our pension and other postretirement benefit obligations and related future expense.

Our pension and other postretirement benefit obligations at December 31, 2017 and preliminary retirement benefit costs for 2018 were prepared using the assumptions that were determined as of December 31, 2017. The following table summarizes the sensitivity of our December 31, 2017 retirement obligations and 2018 retirement benefit costs of our United States plans to changes in the key assumptions used to determine those results:

| Millions of dollars                              | Percentage Change | Estimated increase (decrease) in |                    |
|--------------------------------------------------|-------------------|----------------------------------|--------------------|
|                                                  |                   | 2018 Expense                     | PBO/APBO* for 2017 |
| United States Pension Plans                      |                   |                                  |                    |
| Discount rate                                    | +/-50bps          | \$ 1/(0)                         | \$ (183)/209       |
| Expected long-term rate of return on plan assets | +/-50bps          | (13)/13                          | —                  |
| United States Other Postretirement Benefit Plan  |                   |                                  |                    |
| Discount rate                                    | +/-50bps          | 1/(1)                            | (14)/15            |
| Health care cost trend rate                      | +/-100bps         | —                                | —                  |

\* Projected benefit obligation (PBO) for pension plans and accumulated postretirement benefit obligation (APBO) for other postretirement benefit plans.

These sensitivities may not be appropriate to use for other years' financial results. Furthermore, the impact of assumption changes outside of the ranges shown above may not be approximated by using the above results. For additional information about our pension and other postretirement benefit obligations, see Note 6 to the Consolidated Financial Statements.

## **Income Taxes**

We estimate our income taxes in each of the taxing jurisdictions in which we operate. This involves estimating actual current tax expense together with assessing any temporary differences resulting from the different treatment of certain items, such as the timing for recognizing expenses, for tax and accounting purposes. These differences may result in deferred tax assets or liabilities, which are included in our Consolidated Balance Sheets. We are required to assess the likelihood that deferred tax assets, which include net operating loss carryforwards, general business credits and deductible temporary differences, that are expected to be realizable in future years. Realization of our net operating loss and general business credit deferred tax assets is supported by specific tax planning strategies and, where possible, considers projections of future profitability. If recovery is not more likely than not, we provide a valuation allowance based on estimates of future taxable income in the various taxing jurisdictions, and the amount of deferred taxes that are ultimately realizable. If future taxable income is lower than expected or if tax planning strategies are not available as anticipated, we may record additional valuation allowances through income tax expense in the period such determination is made. Likewise, if we determine that we are able to realize our deferred tax assets in the future in excess of net recorded amounts, an adjustment to the deferred tax asset will benefit income tax expense in the period such determination is made.

As of December 31, 2017 and 2016, we had total deferred tax assets of \$2.9 billion and \$3.2 billion, respectively, net of valuation allowances of \$178 million and \$150 million, respectively. Our income tax expense has fluctuated considerably over the last five years from \$68 million in 2013 to \$550 million in the current year. The tax expense has been influenced primarily by U.S. energy tax credits, foreign tax credits, audit settlements and adjustments, tax planning strategies, enacted legislation, and dispersion of global income. Future changes in the effective tax rate will be subject to several factors, including business profitability, tax planning strategies, and enacted tax laws.

In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. For additional information about income taxes, see Notes 1, 5 and 12 to the Consolidated Financial Statements.

## **Legacy Product Corrective Action Reserves**

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 consumers, we are currently investigating a limited number of potential quality and safety issues globally. 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.

As part of that process, in 2015, Whirlpool engaged in thorough investigations of incident reports associated with two of its dryer production platforms developed by Indesit. These dryer production platforms were developed prior to Whirlpool's acquisition of Indesit in October 2014. This led to Indesit reporting the issue to regulatory authorities for consideration. These discussions determined that corrective action of the affected dryers was required. Whirlpool has implemented modifications at the point of manufacture to ensure that dryers produced after October 2015 are not affected by this issue. An outreach and service campaign was undertaken to modify dryers that have already been sold. Such dryers were manufactured between April 2004 and October 2015 and sold in the UK and other countries in the EMEA region under the *Hotpoint*\* and *Indesit* brand names, as well as various other brands owned by other manufacturers, distributors and retailers whose products Indesit produced.

During the third quarter of 2017, the corrective action was substantially complete and any remaining charges related to the action will be recorded under product warranty. In the twelve months ended December 31, 2017, Whirlpool had \$61 million of cash settlements made related to the corrective action.

For additional information about the legacy product corrective action, see Note 5 to the Consolidated Financial Statements.

\*Whirlpool ownership of the Hotpoint brand in the EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.

## **Warranty Obligations**

The estimation of warranty obligations is determined in the same period that revenue from the sale of the related products is recognized. The warranty obligation is based on historical experience and represents our best estimate of expected costs at the time products are sold. Warranty accruals are adjusted for known or anticipated warranty claims as new information becomes available. New product launches require a greater use of judgment in developing estimates until historical experience becomes available. Future events and circumstances could materially change our estimates and require adjustments to the warranty obligations. For additional information about warranty obligations, see Note 5 to the Consolidated Financial Statements.

## **Goodwill and Indefinite-Life Intangibles**

Certain business acquisitions have resulted in the recording of goodwill and indefinite-life intangible assets, primarily trademark assets, which are not amortized. At December 31, 2017 and 2016, we had goodwill of approximately \$3.1 billion and \$3.0 billion, respectively. We primarily have trademark assets with a carrying value of approximately \$2.6 billion as of December 31, 2017 and 2016, respectively.

We perform our annual impairment assessment for goodwill and other indefinite-life intangible assets as of October 1st or more frequently if events or changes in circumstances indicate that the asset might be impaired.

In conducting a qualitative assessment, the Company analyzes a variety of events or factors that may influence the fair value of the reporting unit or indefinite-life intangible, including, but not limited to: the results of prior quantitative assessments performed; changes in the carrying amount of the reporting unit or indefinite-life intangible; actual and projected revenue and operating margin; relevant market data for both the Company and its peer companies; industry outlooks; macroeconomic conditions; liquidity; changes in key personnel; and the Company's competitive position. Significant judgment is used to evaluate the totality of these events and factors to make the determination of whether it is more likely than not that the fair value of the reporting unit or indefinite-life intangible is less than its carrying value.

In 2017, the Company elected to bypass the qualitative assessment and primarily perform a quantitative analysis using a discounted cash flow model and other valuation techniques, to evaluate goodwill and certain indefinite-life intangible assets.

## **Goodwill Valuations**

In performing a quantitative assessment, we estimate each reporting unit's fair value under an income approach using a discounted cash flow model. The income approach uses each reporting unit's projection of estimated operating results and cash flows that are discounted using a market participant discount rate based on a weighted-average cost of capital. The financial projections reflect management's best estimate of economic and market conditions over the projected period including forecasted revenue growth, operating margins, tax rate, capital expenditures, depreciation and amortization and changes in working capital requirements. Other assumptions include discount rate and terminal growth rate. The estimated fair value of each reporting unit is compared to their respective carrying values.

Additionally, we validate our estimates of fair value under the income approach by comparing the fair value estimate using a market approach. A market approach estimates fair value by applying cash flow multiples to the reporting unit's operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics of the reporting units. We consider the implied control premium and conclude whether it is reasonable based on other recent market transactions.

Based on the results of our annual quantitative assessment conducted on October 1, 2017, the fair values of our North America, Latin America and Asia reporting unit's exceeded their respective carrying values in a range of 72% to 183%.

Based on the quantitative assessment performed, the fair value of the EMEA reporting unit exceeded its carrying value by approximately 3%. The EMEA reporting unit has goodwill of \$0.9 billion at December 31, 2017 primarily related to our acquisition of Indesit during the fourth quarter of 2014.

In evaluating the EMEA reporting unit, significant weight was provided to the forecasted operating margins and discount rate, as we determined that these items have the most significant impact on the fair value of this reporting unit.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

- Forecasted operating margins are expected to recover beginning in 2018 from the challenges associated with the integration beginning from the stabilization of operations, better supply chain effectiveness and commercial transformation efforts.
- We used a discount rate of 11.75% based on market participant assumptions.

We performed a sensitivity analysis on our estimated fair value noting that a 50 basis point increase in the discount rate or a 5% reduction in the projected operating profit in each forecasted period would result in an impairment charge of approximately \$86 million or \$98 million, respectively.

If actual results are not consistent with management's estimate and assumptions, a material impairment charge of our goodwill could occur, which could have an adverse effect on the Company's financial condition and results of operations.

### Indefinite-Life Intangible Valuations

In performing a quantitative assessment of indefinite-life intangible assets other than goodwill, primarily trademarks, we estimate the fair value of these intangible assets using the relief-from-royalty method which requires assumptions related to projected revenues from our long-range plans; assumed royalty rates that could be payable if we did not own the trademark; and a discount rate using a market based weighted-average cost of capital. If the estimated fair value of the indefinite-life intangible asset is less than its carrying value, we would recognize an impairment loss.

Based on the quantitative assessment performed as of October 1, 2017, an impairment of our *Diqua* trademark was determined to exist, primarily driven by a significant decrease in the revenue projections due to a change in our brand strategy. This resulted in an impairment charge of \$8 million which reduced the carrying value of this trademark to \$31 million. There were no other impairments of indefinite-life intangible assets in 2017.

The fair value of the *Indesit* and *Hotpoint\** trademarks exceeded their carrying value by approximately 4% and 8%, respectively. For the *Indesit* and *Hotpoint\** trademarks, we expect revenue trends for these brands to improve as we continue to execute our brand leadership strategy and benefit from our new product investments.

The fair values of all other trademarks exceeded their carrying values by more than 10%.

In performing the quantitative analysis on these trademark assets, significant assumptions used in our relief-from-royalty model included revenue growth rates, assumed royalty rates and the discount rate, which are discussed further below.

- Revenue growth rates relate to projected revenues from our long-range plans and vary from brand to brand. Adverse changes in the operating environment or our inability to grow revenues at the forecasted rates may result in a material impairment charge. We performed a sensitivity analysis on the estimated fair values noting a 10% reduction of forecasted revenues to the *Indesit* and *Hotpoint\** trademark projections would result in an impairment charge of approximately \$18 million and \$5 million, respectively.
- In determining royalty rates for the valuation of our trademarks, we considered factors that affect the assumed royalty rates that would hypothetically be paid for the use of the trademarks. The most significant factors in determining the assumed royalty rates include the overall role and importance of the trademarks in the particular industry, the profitability of the products utilizing the trademarks, and the position of the trademarked products in the given market segment. Based on this analysis, we determined a royalty rate of 3% and 3.5% for our *Indesit* and *Hotpoint\** trademarks, respectively. We performed a sensitivity analysis on the estimated fair values for *Indesit* and *Hotpoint\** noting a 50 basis point reduction to the royalty rates would result in an impairment charge of approximately \$42 million and \$39 million, respectively.
- In developing discount rates for the valuation of our trademarks, we used the market based weighted average cost of capital, adjusted for higher relative level of risks associated with doing business in other countries, as applicable, as well as the higher relative levels of risks associated with intangible assets. Based on this analysis, we determined the discount rates to be 15.0% for *Indesit* and *Hotpoint\**. We performed a sensitivity analysis on the estimated fair values for *Indesit* and *Hotpoint\** noting a 100 basis point increase to the discount rate would result in an impairment charge of approximately \$12 million and \$3 million, respectively.

\*Whirlpool ownership of the Hotpoint brand in the EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)**

If actual results are not consistent with management's estimate and assumptions, a material impairment charge of our trademarks could occur, which could have an adverse effect on the Company's financial condition and results of operations.

For additional information about goodwill and intangible valuations, see Note 3 to the Consolidated Financial Statements.

### **ISSUED BUT NOT YET EFFECTIVE ACCOUNTING PRONOUNCEMENTS**

Additional information regarding recently issued accounting pronouncements can be found in Note 1 to the Consolidated Financial Statements.

### **OTHER MATTERS**

For information regarding certain of our loss contingencies/litigation, see Note 5 to the Consolidated Financial Statements.

#### **Grenfell Tower**

On June 23, 2017, London's Metropolitan Police Service released a statement that it had identified a Hotpoint-branded refrigerator as the initial source of the Grenfell Tower fire in West London. U.K. authorities are conducting investigations, including regarding the cause and spread of the fire. The model in question was manufactured by Indesit Company between 2006 and 2009, prior to Whirlpool's acquisition of Indesit in 2014. We are fully cooperating with the investigating authorities and are in discussions with the U.K. regulator. As these matters are ongoing, we cannot speculate on their eventual outcomes or potential impact on our financial statements; accordingly, we have not recorded any significant charges in 2017. Claims may be filed related to this incident.

#### **Antidumping and Safeguard Petition**

As previously reported, in response to our December 2011 petition, the U.S. Department of Commerce (DOC) issued a final determination in 2013 that Samsung and LG violated U.S. and international trade laws by dumping washers from South Korea and Mexico into the U.S., and antidumping duties are now imposed on certain washers imported from South Korea and Mexico. Rather than comply with the 2013 order, Samsung and LG moved their washer production to China. Samsung and LG resumed dumping washers into the U.S. and Whirlpool responded in 2015 by filing a new antidumping petition against their imports. The DOC issued a final determination in 2016 that Samsung and LG violated U.S. and international trade laws by dumping washers from China into the U.S. As a result of these decisions, certain washers imported from China are now subject to antidumping duties set by the DOC. As in the case of our December 2011 petition, the DOC and International Trade Commission (ITC) decisions could be followed by administrative review procedures and possible appeals over the next several years.

In May 2017, we filed a safeguard petition with the ITC to address our concerns that Samsung and LG are evading U.S. trade laws by moving production from countries (South Korea, Mexico and China) covered by existing DOC antidumping duties. In contrast to the country-specific antidumping remedy that the U.S. Government applied to Samsung and LG in South Korea, Mexico and China, a safeguard remedy can address imports from Samsung and LG from any country that causes injury to U.S. washer manufacturers. In October 2017, the ITC determined increased washer imports were a substantial cause of serious injury to the U.S. washer industry and made a remedy recommendation to the U.S. President to address past harm and prevent future injury. In January 2018, the President signed a remedy order that took effect on February 7, 2018, effective for three years. In the first year, the President's remedy order imposes a 20% tariff on the first 1.2 million large residential washing machines imported by Samsung and LG, and a 50% tariff on such imports in excess of 1.2 million. The President's remedy order also imposes a 50% tariff on washer tub, drum, and cabinet imports ("covered parts") in excess of 50,000 units annually. The tariff rates on washers and covered parts decline slightly during the second and third years of the remedy.

#### **Post-Retirement Benefit Litigation**

For information regarding post-retirement benefit litigation, see Note 6 to the Consolidated Financial Statements.

## **Customer Contracts**

We regularly negotiate with trade customers, including Sears Holdings Corporation, regarding supply arrangements for future periods. In the fourth quarter of 2017 we were unable to reach agreement on terms with Sears regarding sales of our branded products, and consequently discontinued shipment of our branded products to Sears. These sales represented approximately 1% of our 2017 consolidated net sales. In the past, when faced with a potential volume reduction from any one particular segment of our trade distribution network, we generally have been able to offset such decline through increased sales throughout our broad distribution network.

## **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 annual report, including those within the forward-looking perspective section within this 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 words or 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, and the impact of the changing retail environment; (2) Whirlpool's ability to maintain or increase sales to significant trade customers and the ability of these trade customers to maintain or increase market share; (3) Whirlpool's ability to maintain its reputation and brand image; (4) the ability of Whirlpool to achieve its business plans, productivity improvements, and cost control objectives, and to leverage its global operating platform, and accelerate the rate of innovation; (5) Whirlpool's ability to obtain and protect intellectual property rights; (6) acquisition and investment-related risks, including risks associated with our past acquisitions, and risks associated with our increased presence in emerging markets; (7) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from political, legal and economic instability; (8) information technology system failures, data security breaches, network disruptions, and cybersecurity attacks; (9) product liability and product recall costs; (10) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (11) our ability to attract, develop and retain executives and other qualified employees; (12) the impact of labor relations; (13) fluctuations in the cost of key materials (including steel, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (14) Whirlpool's ability to manage foreign currency fluctuations; (15) impacts from goodwill impairment and related charges; (16) triggering events or circumstances impacting the carrying value of our long-lived assets; (17) inventory and other asset risk; (18) the uncertain global economy and changes in economic conditions which affect demand for our products; (19) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans; (20) litigation, tax, and legal compliance risk and costs, especially if materially different from the amount we expect to incur or have accrued for, and any disruptions caused by the same; (21) the effects and costs of governmental investigations or related actions by third parties; and (22) changes in the legal and regulatory environment including environmental, health and safety regulations, and taxes and tariffs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (CONTINUED)

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 Item 1A of this report.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### MARKET RISK

We have in place an enterprise risk management process that involves systematic risk identification and mitigation covering the categories of enterprise, strategic, financial, operational and compliance and reporting risks. The enterprise risk management process receives Board of Directors and Management oversight, drives risk mitigation decision-making and is fully integrated into our internal audit planning and execution cycle.

We are exposed to market risk from changes in foreign currency exchange rates, domestic and foreign interest rates, and commodity prices, which can affect our operating results and overall financial condition. We manage exposure to these risks through our operating and financing activities and, when deemed appropriate, through the use of derivatives. Derivatives are viewed as risk management tools and are not used for speculation or for trading purposes. Derivatives are generally contracted with a diversified group of investment grade counterparties to reduce exposure to nonperformance on such instruments.

We use foreign currency forward contracts, currency options, and currency swaps to hedge the price risk associated with firmly committed and forecasted cross-border payments and receipts related to ongoing business and operational financing activities. We also use forward or option contracts to hedge our investment in the net assets of certain international subsidiaries to offset foreign currency translation adjustments related to our net investment in those subsidiaries. Foreign currency contracts are sensitive to changes in foreign currency exchange rates. At December 31, 2017, a 10% favorable or unfavorable exchange rate movement in each currency in our portfolio of foreign currency contracts would have resulted in an incremental unrealized gain of approximately \$233 million or loss of approximately \$237 million. Consistent with the use of these contracts to neutralize the effect of exchange rate fluctuations, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the re-measurement of the underlying exposures.

We enter into commodity swap contracts to hedge the price risk associated with firmly committed and forecasted commodities purchases, the prices of which are not fixed directly through supply contracts. As of December 31, 2017, a 10% favorable or unfavorable shift in commodity prices would have resulted in an incremental gain or loss of approximately \$27 million, respectively, related to these contracts.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
Year Ended December 31,  
(Millions of dollars, except per share data)

|                                                                 | 2017             | 2016             | 2015             |
|-----------------------------------------------------------------|------------------|------------------|------------------|
| <b>Net sales</b>                                                | <b>\$ 21,253</b> | <b>\$ 20,718</b> | <b>\$ 20,891</b> |
| <b>Expenses</b>                                                 |                  |                  |                  |
| Cost of products sold                                           | 17,651           | 17,026           | 17,231           |
| Gross margin                                                    | 3,602            | 3,692            | 3,660            |
| Selling, general and administrative                             | 2,112            | 2,080            | 2,143            |
| Intangible amortization                                         | 79               | 71               | 74               |
| Restructuring costs                                             | 275              | 173              | 201              |
| Operating profit                                                | 1,136            | 1,368            | 1,242            |
| <b>Other (income) expense</b>                                   |                  |                  |                  |
| Interest and sundry (income) expense                            | 87               | 93               | 46               |
| Interest expense                                                | 162              | 161              | 165              |
| Earnings before income taxes                                    | 887              | 1,114            | 1,031            |
| Income tax expense                                              | 550              | 186              | 209              |
| Net earnings                                                    | 337              | 928              | 822              |
| Less: Net earnings (loss) available to noncontrolling interests | (13)             | 40               | 39               |
| Net earnings available to Whirlpool                             | <u>\$ 350</u>    | <u>\$ 888</u>    | <u>\$ 783</u>    |
| <b>Per share of common stock</b>                                |                  |                  |                  |
| Basic net earnings available to Whirlpool                       | <u>\$ 4.78</u>   | <u>\$ 11.67</u>  | <u>\$ 9.95</u>   |
| Diluted net earnings available to Whirlpool                     | <u>\$ 4.70</u>   | <u>\$ 11.50</u>  | <u>\$ 9.83</u>   |
| <b>Weighted-average shares outstanding (in millions)</b>        |                  |                  |                  |
| Basic                                                           | 73.3             | 76.1             | 78.7             |
| Diluted                                                         | 74.4             | 77.2             | 79.7             |

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



**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Year Ended December 31,  
(Millions of dollars)

|                                                                                    | 2017   | 2016    | 2015     |
|------------------------------------------------------------------------------------|--------|---------|----------|
| Net earnings                                                                       | \$ 337 | \$ 928  | \$ 822   |
| Other comprehensive income (loss), before tax:                                     |        |         |          |
| Foreign currency translation adjustments                                           | 32     | (30)    | (432)    |
| Derivative instruments:                                                            |        |         |          |
| Net gain (loss) arising during period                                              | (84)   | 106     | (25)     |
| Less: reclassification adjustment for gain (loss) included in net earnings         | (80)   | 35      | (2)      |
| Derivative instruments, net                                                        | (4)    | 71      | (23)     |
| Marketable securities:                                                             |        |         |          |
| Net gain (loss) arising during period                                              | 6      | (2)     | 3        |
| Marketable securities, net                                                         | 6      | (2)     | 3        |
| Defined benefit pension and postretirement plans:                                  |        |         |          |
| Prior service (cost) credit arising during period                                  | (16)   | 30      | (5)      |
| Net gain (loss) arising during period                                              | (51)   | (139)   | (55)     |
| Less: amortization of prior service credit (cost) and actuarial (loss)             | (52)   | (39)    | 19       |
| Defined benefit pension and postretirement plans, net:                             | (15)   | (70)    | (79)     |
| Other comprehensive (loss), before tax                                             | 19     | (31)    | (531)    |
| Income tax benefit (expense) related to items of other comprehensive income (loss) | 50     | (37)    | 30       |
| Other comprehensive income (loss), net of tax                                      | \$ 69  | \$ (68) | \$ (501) |
| Comprehensive income                                                               | \$ 406 | \$ 860  | \$ 321   |
| Less: comprehensive income (loss), available to noncontrolling interests           | (13)   | 40      | 30       |
| Comprehensive income available to Whirlpool                                        | \$ 419 | \$ 820  | \$ 291   |

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

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**At December 31,**  
**(Millions of dollars)**

|                                                                                                                                                                       | 2017             | 2016             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Assets</b>                                                                                                                                                         |                  |                  |
| Current assets                                                                                                                                                        |                  |                  |
| Cash and cash equivalents                                                                                                                                             | \$ 1,196         | \$ 1,085         |
| Accounts receivable, net of allowance of \$157 and \$185, respectively                                                                                                | 2,665            | 2,711            |
| Inventories                                                                                                                                                           | 2,988            | 2,623            |
| Prepaid and other current assets                                                                                                                                      | 1,081            | 920              |
| Total current assets                                                                                                                                                  | <u>7,930</u>     | <u>7,339</u>     |
| Property, net of accumulated depreciation of \$6,825 and \$6,055, respectively                                                                                        | 4,033            | 3,810            |
| Goodwill                                                                                                                                                              | 3,118            | 2,956            |
| Other intangibles, net of accumulated amortization of \$476 and \$387, respectively                                                                                   | 2,591            | 2,552            |
| Deferred income taxes                                                                                                                                                 | 2,013            | 2,154            |
| Other noncurrent assets                                                                                                                                               | 353              | 342              |
| Total assets                                                                                                                                                          | <u>\$ 20,038</u> | <u>\$ 19,153</u> |
| <b>Liabilities and stockholders' equity</b>                                                                                                                           |                  |                  |
| Current liabilities                                                                                                                                                   |                  |                  |
| Accounts payable                                                                                                                                                      | \$ 4,797         | \$ 4,416         |
| Accrued expenses                                                                                                                                                      | 674              | 649              |
| Accrued advertising and promotions                                                                                                                                    | 853              | 742              |
| Employee compensation                                                                                                                                                 | 414              | 390              |
| Notes payable                                                                                                                                                         | 450              | 34               |
| Current maturities of long-term debt                                                                                                                                  | 376              | 560              |
| Other current liabilities                                                                                                                                             | 941              | 871              |
| Total current liabilities                                                                                                                                             | <u>8,505</u>     | <u>7,662</u>     |
| Noncurrent liabilities                                                                                                                                                |                  |                  |
| Long-term debt                                                                                                                                                        | 4,392            | 3,876            |
| Pension benefits                                                                                                                                                      | 1,029            | 1,074            |
| Postretirement benefits                                                                                                                                               | 352              | 334              |
| Other noncurrent liabilities                                                                                                                                          | 632              | 479              |
| Total noncurrent liabilities                                                                                                                                          | <u>6,405</u>     | <u>5,763</u>     |
| Stockholders' equity                                                                                                                                                  |                  |                  |
| Common stock, \$1 par value, 250 million shares authorized, 112 million and 111 million shares issued, and 71 million and 74 million shares outstanding, respectively | 112              | 111              |
| Additional paid-in capital                                                                                                                                            | 2,739            | 2,672            |
| Retained earnings                                                                                                                                                     | 7,352            | 7,314            |
| Accumulated other comprehensive loss                                                                                                                                  | (2,331)          | (2,400)          |
| Treasury stock, 41 million and 37 million shares, respectively                                                                                                        | <u>(3,674)</u>   | <u>(2,924)</u>   |
| Total Whirlpool stockholders' equity                                                                                                                                  | <u>4,198</u>     | <u>4,773</u>     |
| Noncontrolling interests                                                                                                                                              | 930              | 955              |
| Total stockholders' equity                                                                                                                                            | <u>5,128</u>     | <u>5,728</u>     |
| Total liabilities and stockholders' equity                                                                                                                            | <u>\$ 20,038</u> | <u>\$ 19,153</u> |

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

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Year Ended December 31,  
(Millions of dollars)

|                                                                                           | 2017            | 2016            | 2015          |
|-------------------------------------------------------------------------------------------|-----------------|-----------------|---------------|
| <b>Operating activities</b>                                                               |                 |                 |               |
| Net earnings                                                                              | \$ 337          | \$ 928          | \$ 822        |
| Adjustments to reconcile net earnings to cash provided by (used in) operating activities: |                 |                 |               |
| Depreciation and amortization                                                             | 654             | 655             | 668           |
| Curtailment gain                                                                          | —               | —               | (63)          |
| Changes in assets and liabilities:                                                        |                 |                 |               |
| Accounts receivable                                                                       | 160             | (291)           | (89)          |
| Inventories                                                                               | (229)           | (18)            | (141)         |
| Accounts payable                                                                          | 180             | 37              | 14            |
| Accrued advertising and promotions                                                        | 76              | 46              | 74            |
| Accrued expenses and current liabilities                                                  | (230)           | 46              | (43)          |
| Taxes deferred and payable, net                                                           | 239             | (116)           | (42)          |
| Accrued pension and postretirement benefits                                               | (58)            | (43)            | (129)         |
| Employee compensation                                                                     | 36              | (38)            | 8             |
| Other                                                                                     | 99              | (3)             | 146           |
| Cash provided by operating activities                                                     | <u>1,264</u>    | <u>1,203</u>    | <u>1,225</u>  |
| <b>Investing activities</b>                                                               |                 |                 |               |
| Capital expenditures                                                                      | (684)           | (660)           | (689)         |
| Proceeds from sale of assets and business                                                 | 61              | 63              | 37            |
| Change in restricted cash                                                                 | 66              | 24              | 47            |
| Purchase of held to maturity securities                                                   | (173)           | —               | —             |
| Proceeds from held to maturity securities                                                 | 113             | —               | —             |
| Investment in related businesses                                                          | (35)            | (12)            | (70)          |
| Other                                                                                     | (3)             | (3)             | (6)           |
| Cash used in investing activities                                                         | <u>(655)</u>    | <u>(588)</u>    | <u>(681)</u>  |
| <b>Financing activities</b>                                                               |                 |                 |               |
| Proceeds from borrowings of long-term debt                                                | 691             | 1,012           | 531           |
| Repayments of long-term debt                                                              | (564)           | (522)           | (283)         |
| Net proceeds from short-term borrowings                                                   | 367             | 55              | (465)         |
| Dividends paid                                                                            | (312)           | (294)           | (269)         |
| Repurchase of common stock                                                                | (750)           | (525)           | (250)         |
| Purchase of noncontrolling interest shares                                                | (5)             | (25)            | —             |
| Common stock issued                                                                       | 34              | 26              | 38            |
| Other                                                                                     | (14)            | (5)             | (9)           |
| Cash used in financing activities                                                         | <u>(553)</u>    | <u>(278)</u>    | <u>(707)</u>  |
| Effect of exchange rate changes on cash and cash equivalents                              | 55              | (24)            | (91)          |
| Increase (decrease) in cash and cash equivalents                                          | 111             | 313             | (254)         |
| Cash and cash equivalents at beginning of year                                            | 1,085           | 772             | 1,026         |
| Cash and cash equivalents at end of year                                                  | <u>\$ 1,196</u> | <u>\$ 1,085</u> | <u>\$ 772</u> |
| <b>Supplemental disclosure of cash flow information</b>                                   |                 |                 |               |
| Cash paid for interest                                                                    | \$ 181          | \$ 198          | \$ 178        |
| Cash paid for income taxes                                                                | \$ 311          | \$ 300          | \$ 251        |

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

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
Year ended December 31,  
(Millions of dollars)

|                                    | Whirlpool Stockholders' Equity |                   |                                               |                                            |               |                           |
|------------------------------------|--------------------------------|-------------------|-----------------------------------------------|--------------------------------------------|---------------|---------------------------|
|                                    | Total                          | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock/ Additional Paid-in-Capital | Common Stock  | Non-Controlling Interests |
| <b>Balances, December 31, 2014</b> | \$ 5,796                       | \$ 6,209          | \$ (1,840)                                    | \$ 406                                     | \$ 110        | \$ 911                    |
| Comprehensive income               |                                |                   |                                               |                                            |               |                           |
| Net earnings                       | 822                            | 783               | —                                             | —                                          | —             | 39                        |
| Other comprehensive income (loss)  | (501)                          | —                 | (492)                                         | —                                          | —             | (9)                       |
| Comprehensive income               | 321                            | 783               | (492)                                         | —                                          | —             | 30                        |
| Stock issued (repurchased)         | (163)                          | —                 | —                                             | (164)                                      | 1             | —                         |
| Dividends declared                 | (280)                          | (270)             | —                                             | —                                          | —             | (10)                      |
| <b>Balances, December 31, 2015</b> | 5,674                          | 6,722             | (2,332)                                       | 242                                        | 111           | 931                       |
| Comprehensive income               |                                |                   |                                               |                                            |               |                           |
| Net earnings                       | 928                            | 888               | —                                             | —                                          | —             | 40                        |
| Other comprehensive income (loss)  | (68)                           | —                 | (68)                                          | —                                          | —             | —                         |
| Comprehensive income               | 860                            | 888               | (68)                                          | —                                          | —             | 40                        |
| Stock issued (repurchased)         | (506)                          | —                 | —                                             | (494)                                      | —             | (12)                      |
| Dividends declared                 | (300)                          | (296)             | —                                             | —                                          | —             | (4)                       |
| <b>Balances, December 31, 2016</b> | 5,728                          | 7,314             | (2,400)                                       | (252)                                      | 111           | 955                       |
| Comprehensive income               |                                |                   |                                               |                                            |               |                           |
| Net earnings                       | 337                            | 350               | —                                             | —                                          | —             | (13)                      |
| Other comprehensive income (loss)  | 69                             | —                 | 69                                            | —                                          | —             | —                         |
| Comprehensive income               | 406                            | 350               | 69                                            | —                                          | —             | (13)                      |
| Stock issued (repurchased)         | (682)                          | —                 | —                                             | (683)                                      | 1             | —                         |
| Dividends declared                 | (324)                          | (312)             | —                                             | —                                          | —             | (12)                      |
| <b>Balances, December 31, 2017</b> | <u>\$ 5,128</u>                | <u>\$ 7,352</u>   | <u>\$ (2,331)</u>                             | <u>\$ (935)</u>                            | <u>\$ 112</u> | <u>\$ 930</u>             |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (1) SUMMARY OF PRINCIPLE ACCOUNTING POLICIES

#### General Information

Whirlpool Corporation, a Delaware corporation, manufactures products in 15 countries and markets products in nearly every country around the world under brand names such as *Whirlpool*, *KitchenAid*, *Maytag*, *Consul*, *Brastemp*, *Amana*, *Bauknecht*, *Jenn-Air*, *Indesit*, and *Hotpoint*\*. We conduct our business through four operating segments, which we define based on geography. Whirlpool's operating segments consist of North America, Europe, Middle East and Africa ("EMEA"), Latin America and Asia.

#### Principles of Consolidation

The consolidated financial statements are prepared in conformity with GAAP, and include all majority-owned subsidiaries. All material intercompany transactions have been eliminated upon consolidation. 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, and have a nominal effect on the Company's results.

#### Reclassifications

We reclassified certain prior period amounts in our Consolidated Financial Statements to be consistent with current period presentation.

#### Use of Estimates

We are required to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. The most significant assumptions are estimates in determining the fair value of goodwill and indefinite-lived intangible assets, legal contingencies, income taxes and pension and postretirement benefits. Actual results could differ materially from those estimates.

#### Revenue Recognition

Sales are recognized when revenue is realized or realizable and has been earned. Revenue is recognized when the sales price is determinable and the risk and rewards of ownership are transferred to the customer as determined by the shipping terms. For the majority of our sales, title is transferred to the customer as soon as products are shipped. For a portion of our sales, title is transferred to the customer upon receipt of products at the customer's location. Sales are net of allowances for product returns, which are based on historical return rates and certain promotions.

#### Sales Incentives

The cost of sales incentives is accrued at the date at which revenue is recognized by Whirlpool as a reduction of revenue. If new incentives are added after the product has been shipped, then they are accrued at that time, also as a reduction of revenue. These accrued promotions are recognized based on the expected value amount of incentives that will be ultimately claimed by trade customers or consumers. The expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. If the amount of incentives cannot be reasonably estimated, an accrued promotion liability is recognized for the maximum potential amount.

#### Accounts Receivable and Allowance for Doubtful Accounts

We carry accounts receivable at sales value less an allowance for doubtful accounts. We periodically evaluate accounts receivable and establish an allowance for doubtful accounts based on a combination of specific customer circumstances, credit conditions and the history of write-offs and collections. We evaluate items on an individual basis when determining accounts receivable write-offs. In general, our policy is to not charge interest on trade receivables after the invoice becomes past due. A receivable is considered past due if payment has not been received within agreed upon invoice terms.

\*Whirlpool ownership of the Hotpoint brand in the EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.



**Freight and Warehousing Costs**

We classify freight and warehousing costs within cost of products sold in our Consolidated Statements of Income.

**Cash and Cash Equivalents**

All highly liquid debt instruments purchased with an initial maturity of three months or less are considered cash equivalents.

**Restricted Cash**

Restricted cash can only be used to fund capital expenditures and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Hefei Sanyo acquisition completed in October 2014. As of December 31, 2017 and 2016, restricted cash was approximately \$97 million and \$155 million, respectively. Approximately \$48 million and \$45 million is recorded in other current assets as of December 31, 2017 and 2016, respectively, with the remaining portion recorded in other non-current assets.

**Fair Value Measurements**

We measure fair value 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 that market participants would use in pricing an asset or liability. 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. Certain investments are valued based on net asset value (NAV), which approximates fair value. Such basis is determined by referencing the respective fund's underlying assets. There are no unfunded commitments or other restrictions associated with these investments. We had no Level 3 assets or liabilities at December 31, 2017 and 2016, with the exception of those disclosed in Note 6.

We measured fair value for money market funds, available for sale investments and held to maturity securities using quoted market prices in active markets for identical or comparable assets. We measured fair value for derivative contracts, all of which have counterparties with high credit ratings, based on model driven valuations using significant inputs derived from observable market data. For assets measured at net asset values, we have no unfunded commitments or significant restraints.

**Inventories**

United States production inventories are stated at last-in, first-out ("LIFO") cost. Latin America, Asia and certain EMEA inventories are stated at average cost. The remaining inventories are stated at first-in, first-out ("FIFO") cost. Costs do not exceed net realizable values. Changes in the amount that FIFO cost exceed LIFO cost are recognized in cost of goods sold. See Note 2 to the Consolidated Financial Statements for additional information about inventories.

**Property**

Property is stated at cost, net of accumulated depreciation. For production machinery and equipment, we record depreciation based on units produced, unless units produced drop below a minimum threshold at which point depreciation is recorded using the straight-line method, excluding property acquired from the Hefei Sanyo acquisition and certain property acquired from the Indesit acquisition in 2014. For non-production assets and assets acquired from Hefei Sanyo and certain production assets acquired from Indesit, we depreciate costs based on the straight-line method. Depreciation expense for property, including accelerated depreciation classified as restructuring expense in our Consolidated Statements of Income, was \$575 million, \$584 million and \$594 million in 2017, 2016 and 2015, respectively.

The following table summarizes our property as of December 31, 2017 and 2016:

| Millions of dollars               | 2017            | 2016            | Estimated Useful Life |
|-----------------------------------|-----------------|-----------------|-----------------------|
| Land                              | \$ 123          | \$ 128          | n/a                   |
| Buildings                         | 1,789           | 1,652           | 10 to 50 years        |
| Machinery and equipment           | 8,946           | 8,085           | 3 to 30 years         |
| Accumulated depreciation          | (6,825)         | (6,055)         |                       |
| Property plant and equipment, net | <u>\$ 4,033</u> | <u>\$ 3,810</u> |                       |

We classify gains and losses associated with asset dispositions in the same line item as the underlying depreciation of the disposed asset in the Consolidated Statements of Income. During 2017 and 2016, we primarily retired machinery and equipment with a net book value of approximately \$63 million and \$38 million, respectively, that was no longer in use. Net gains and losses recognized in cost of products sold were not material for 2017, 2016 and 2015.

We record impairment losses on long-lived assets, excluding goodwill and indefinite-life intangibles, when events and circumstances indicate the assets may be impaired and the estimated undiscounted future cash flows generated by those assets are less than their carrying amounts. There were no significant impairments recorded during 2017, 2016 and 2015.

### Goodwill and Other Intangibles

We perform our annual impairment assessment for goodwill and other indefinite-life intangible assets as of October 1st and more frequently if indicators of impairment exist. In 2017, the Company primarily elected to perform a quantitative analysis using a discounted cash flow model and other valuation techniques, to evaluate goodwill and certain indefinite-life intangible assets.

#### Goodwill

In performing a quantitative assessment of goodwill, we estimate each reporting unit's fair value using the best information available to us, including market information and discounted cash flow projections also referred to as the income approach. The income approach uses reporting unit's projections of estimated operating results and cash flows that are discounted using a weighted-average cost of capital, which is determined based on current market conditions. Additionally, we validate our estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach. We performed our assessment as of October 1, 2017, and determined there was no impairment of goodwill.

#### Intangible Assets

We perform a quantitative assessment of other indefinite-life intangible assets, which are primarily comprised of trademarks. We estimate the fair value of these intangible assets using the relief-from-royalty method, which primarily requires assumptions related to projected revenues from our long-range plans, assumed royalty rates that could be payable if we did not own the trademark, and a discount rate based on our weighted average cost of capital. We performed our assessment as of October 1, 2017, and determined that, other than an immaterial impairment of a certain trademark, there were no other impairments of indefinite-life intangible assets.

Other definite-life intangible assets are amortized over their useful life and are assessed for impairment when impairment indicators are present.

### Accounts Payable Outsourcing

We offer our suppliers access to third party payable processors, independent from Whirlpool. The processors allow suppliers to sell their receivables to financial institutions at the sole discretion of both the supplier and the financial institution. In China, as a common practice, we pay suppliers with banker's acceptance drafts. Banker's acceptance drafts allow suppliers to sell their receivables to financial institutions at the sole discretion of both the supplier and the financial institution. We have no economic interest in the sale of these receivables and no direct financial relationship with the financial institutions concerning these services. All of our obligations, including amounts due, remain to our suppliers as stated in our supplier agreements. As of December 31, 2017 and 2016, approximately \$1.5 billion and \$1.3 billion, respectively, have been issued to participating financial institutions.

**Derivative Financial Instruments**

We use derivative instruments designated as cash flow and fair value hedges to manage our exposure to the volatility in material costs, foreign currency and interest rates on certain debt instruments. Changes in the fair value of derivative assets or liabilities (i.e., gains or losses) are recognized depending upon the type of hedging relationship and whether a hedge has been designated. For those derivative instruments that qualify for hedge accounting, we designate the hedging instrument, based upon the exposure being hedged, as a cash flow hedge, fair value hedge, or a hedge of a net investment in a foreign operation. For a derivative instrument designated as a fair value hedge, the gain or loss on the derivative is recognized in earnings immediately with the offsetting gain or loss on the hedged item. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of Other Comprehensive Income (Loss) and is subsequently recognized in earnings when the hedged exposure affects earnings. For a derivative instrument designated as a hedge of a net investment in a foreign operation, the effective portion of the derivative's gain or loss is reported in Other Comprehensive Income (Loss) as part of the cumulative translation adjustment. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognized immediately in current net earnings. See Note 7 to the Consolidated Financial Statements for additional information about hedges and derivative financial instruments.

**Foreign Currency Translation and Transactions**

Foreign currency denominated assets and liabilities are translated into United States dollars at exchange rates existing at the respective balance sheet dates. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of Accumulated Other Comprehensive Income (Loss) within stockholders' equity. The results of operations of foreign subsidiaries are translated at the average exchange rates during the respective periods. Gains and losses resulting from foreign currency transactions are included in net earnings.

**Research and Development Costs**

Research and development costs are charged to expense and totaled \$596 million, \$604 million and \$579 million in 2017, 2016 and 2015, respectively.

**Advertising Costs**

Advertising costs are charged to expense when the advertisement is first communicated and totaled \$330 million, \$366 million and \$310 million in 2017, 2016 and 2015, respectively.

**Income Taxes**

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities using enacted rates. The effect of a change in tax rates on deferred tax assets is recognized in income in the period of the enactment date.

We recognize, primarily in other noncurrent liabilities, in the Consolidated Balance Sheets, the effects of uncertain income tax positions. We record liabilities net of the amount, based on technical merits, that will be sustained upon examination. We accrue for other non income tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated.

Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested. See Note 12 to the Consolidated Financial Statements for additional information about income taxes.

**Stock Based Compensation**

Stock based compensation expense is based on the grant date fair value and is expensed over the period during which an employee is required to provide service in exchange for the award (generally the vesting period). The Company's stock based compensation includes stock options, performance stock units, performance shares, restricted stock and restricted stock units. The fair value of stock options are determined using the Black-Scholes option-pricing model, which incorporates assumptions regarding the risk-free interest rate, expected volatility, expected option life, expected forfeitures and dividend yield. Expected forfeitures are based on historical experience. Stock options are granted with an exercise price equal to the stock price on the date of grant. The fair value of restricted stock units and performance stock units is generally based on the closing market price of Whirlpool common stock on the grant date. See Note 10 to the Consolidated Financial Statements for additional information about stock based compensation.

**BEFIEEX Credits**

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEEX). These credits reduce Brazilian federal excise taxes on domestic sales, resulting in an increase in the operations' recorded net sales. We recognized export credits as they were monetized. See Notes 5 and 12 to the Consolidated Financial Statements for additional information regarding BEFIEEX credits.

**Out-of-Period Adjustment**

During 2017, we recorded prior period adjustments in our Asia reportable segment primarily related to trade promotion incentives. The 2017 net impact of these out-of-period adjustments was a decrease to net sales of approximately \$35 million and an increase to other operating expenses of approximately \$8 million before tax. We determined that the impact was immaterial to prior periods. These adjustments resulted in a decrease to net earnings available to Whirlpool of approximately \$16 million and a decrease of \$0.22 in diluted earnings per share.

**Adoption of New Accounting Standards**

In March 2017, the FASB issued ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". The guidance in ASU 2017-07 requires that the service cost component of net periodic benefit cost for pension and postretirement benefits is recorded in the same income statement line items as other employee compensation costs arising from services rendered during the period. Service cost is included in cost of products sold and selling, general and administrative expense. The other components of net periodic pension cost and postretirement benefits cost are recorded in interest and sundry (income) expense in 2017. We retrospectively adopted the new accounting standard in the first quarter of 2017. For the full year ended December 31, 2016, the reclassification of other components of net periodic cost, from cost of products sold and selling, general and administrative expense resulted in an increase in operating profit of approximately \$14 million with an offset to interest and sundry (income) expense. For the full year ended December 31, 2015, the reclassification of other components of net periodic cost from cost of products sold and selling, general and administrative expense resulted in a decrease in operating profit of approximately \$43 million with an offset to interest and sundry (income) expense. The reclassifications were calculated based on previously disclosed amounts. The Consolidated Statements of Income have been recast to reflect the retrospective adoption of this standard.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The guidance simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of excess tax benefits in the Consolidated Statements of Cash Flows. The new standard is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The Company elected to early-adopt ASU 2016-09 in the fourth quarter of 2016 retrospectively to January 1, 2016. For the period ended December 31, 2016, there was no impact to diluted weighted average common shares outstanding or earnings per share ("EPS").

All other new issued and effective accounting standards during 2017 were not relevant or material to the Company.

**Accounting Pronouncements Issued But Not Yet Effective**

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities". The new standard is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted in any interim period after issuance. All transition requirements and elections should be applied to hedging relationships existing (that is, hedging relationships in which the hedging instrument has not expired, been sold, terminated, or exercised or the entity has not removed the designation of the hedging relationship) on the date of adoption. The effect of adoption should be reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of adopting this guidance.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". The guidance in ASU 2017-04 eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments in the new ASU, goodwill impairment testing will be performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The new standard is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019, and should be applied on a prospective basis. Early adoption is permitted for annual or interim

goodwill impairment testing performed after January 1, 2017. The Company is currently evaluating the impact of adopting this guidance.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the beginning of the period of adoption. Early adoption is permitted in the first interim period of an annual reporting period for which financial statements have not been issued. The Company will adopt this guidance in the first quarter of 2018 and is currently assessing the impact this standard will have on our Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, Leases (FAS 13). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption of the amendments in the update is permitted. The Company is currently evaluating the effect this standard will have on our Consolidated Financial Statements.

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. This pronouncement is effective for fiscal years 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 permitted for fiscal reporting periods beginning after December 15, 2016.

We adopted the requirements of the new standard on January 1, 2018 and applied the modified retrospective transition method. Under the modified retrospective method, we recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. This adjustment had an immaterial impact to our retained earnings. Results for reporting periods beginning after January 1, 2018 will be presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

Presented below is the process we utilized for the adoption of the new standard and the significant implementation matters addressed:

- We established a global cross-functional project management implementation team to assess all potential impacts of this standard.
- We reviewed our current accounting policies and practices in each operating segment to identify potential differences that would result from the application of this standard, and updated them accordingly.
- We determined key factors from the five step process to recognize revenue as prescribed by the new standard that may be applicable to each of our business units that roll up into our four segments.
- Customer contracts from each business unit were identified and reviewed.
- Evaluation of the contract provisions and the comparison of historical accounting policies and practices to the requirements of the new standard (including the related qualitative disclosures regarding the potential impact of the effects of the accounting policies we expect to apply and a comparison to our current revenue recognition policies), have been completed.

We determined no significant changes are required to our business processes, systems and controls to effectively report revenue recognition under the new standard. In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEX). These credits are used to reduce Brazilian federal excise



taxes on domestic sales. The excise taxes in our Brazilian operations are currently reflected in revenue, with an offset to cost of sales. As a result, the monetization of BEFLEX credits has resulted in an increase to net sales. In accordance with Topic 606, we intend to make a policy election that will preclude various taxes to no longer be reflected in revenue under Topic 606.

FASB has issued the following standards, which are not expected to have a material impact on our Consolidated Financial Statements:

| <b>Standard</b>                                                                                                                         | <b>Effective Date</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 2016-01 Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities    | January 1, 2018       |
| 2016-04 Liabilities-Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products | January 1, 2018       |
| 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash                                                                            | January 1, 2018       |

All other issued and not yet effective accounting standards are not relevant to Whirlpool Corporation.

## **(2) INVENTORIES**

The following table summarizes our inventories at December 31, 2017 and 2016:

| <b>Millions of dollars</b>               | <b>2017</b>     | <b>2016</b>     |
|------------------------------------------|-----------------|-----------------|
| Finished products                        | \$ 2,374        | \$ 2,070        |
| Raw materials and work in process        | 725             | 651             |
|                                          | <u>3,099</u>    | <u>2,721</u>    |
| Less: excess of FIFO cost over LIFO cost | (111)           | (98)            |
| Total inventories                        | <u>\$ 2,988</u> | <u>\$ 2,623</u> |

LIFO inventories represented 38% and 37% of total inventories at December 31, 2017 and 2016, respectively.

## **(3) GOODWILL AND OTHER INTANGIBLES**

### **Goodwill**

The following table summarizes goodwill attributable to our reporting units at December 31, 2017 and 2016:

| <b>Millions of dollars</b> | <b>2017</b>     | <b>2016</b>     |
|----------------------------|-----------------|-----------------|
| North America              | \$ 1,755        | \$ 1,734        |
| EMEA                       | 920             | 808             |
| Latin America              | 5               | 4               |
| Asia                       | 438             | 410             |
| Total                      | <u>\$ 3,118</u> | <u>\$ 2,956</u> |

The change in the carrying value of goodwill was primarily due to purchase price allocations and the impact of foreign currency.

## Other Intangible Assets

The following table summarizes other intangible assets at December 31, 2017 and 2016:

| Millions of dollars                         | 2017                  |                          |         | 2016                  |                          |         |
|---------------------------------------------|-----------------------|--------------------------|---------|-----------------------|--------------------------|---------|
|                                             | Gross Carrying Amount | Accumulated Amortization | Net     | Gross Carrying Amount | Accumulated Amortization | Net     |
| Other intangible assets, finite lives:      |                       |                          |         |                       |                          |         |
| Customer relationships <sup>(1)</sup>       | \$ 639                | \$ (297)                 | \$ 342  | \$ 617                | \$ (237)                 | \$ 380  |
| Patents and other <sup>(2)</sup>            | 387                   | (179)                    | 208     | 337                   | (150)                    | 187     |
| Total other intangible assets, finite lives | \$1,026               | \$ (476)                 | \$ 550  | \$ 954                | \$ (387)                 | \$ 567  |
| Trademarks, indefinite lives                | 2,041                 | —                        | 2,041   | 1,985                 | —                        | 1,985   |
| Total other intangible assets               | \$3,067               | \$ (476)                 | \$2,591 | \$ 2,939              | \$ (387)                 | \$2,552 |

(1) Customer relationships have an estimated useful life of 3 to 16 years.

(2) Patents and other intangibles have an estimated useful life of 1 to 41 years.

The change in the gross carrying value of other intangible assets was primarily due to the transfer of certain intangible land use rights to the China government resulting in a \$42 million gain along with the impact of foreign currency. Amortization expense was \$79 million, \$71 million and \$74 million for the years ended December 31, 2017, 2016 and 2015, respectively. The following table summarizes our future estimated amortization expense by year:

| Millions of dollars |       |
|---------------------|-------|
| 2018                | \$ 74 |
| 2019                | 61    |
| 2020                | 61    |
| 2021                | 58    |
| 2022                | 51    |

**(4) FINANCING ARRANGEMENTS****Long-Term Debt**

The following table summarizes our long-term debt at December 31, 2017 and 2016:

| Millions of dollars                | 2017            | 2016            |
|------------------------------------|-----------------|-----------------|
| Senior note - 1.35%, maturing 2017 | \$ —            | \$ 250          |
| Senior note - 1.65%, maturing 2017 | —               | 300             |
| Senior note - 4.50%, maturing 2018 | 363             | 327             |
| Senior note - 2.40%, maturing 2019 | 250             | 250             |
| Senior note - 0.625% maturing 2020 | 599             | 525             |
| Senior note - 4.85%, maturing 2021 | 300             | 300             |
| Senior note - 4.70%, maturing 2022 | 300             | 300             |
| Senior note - 3.70%, maturing 2023 | 250             | 250             |
| Senior note - 4.00%, maturing 2024 | 300             | 300             |
| Senior note - 3.70%, maturing 2025 | 350             | 350             |
| Senior note - 1.25% maturing 2026  | 594             | 517             |
| Senior note - 1.10% maturing 2027  | 713             | —               |
| Senior note - 5.15% maturing 2043  | 249             | 249             |
| Senior note - 4.50% maturing 2046  | 496             | 496             |
| Other, net                         | 4               | 22              |
|                                    | <b>\$ 4,768</b> | <b>\$ 4,436</b> |
| Less current maturities            | 376             | 560             |
| Total long-term debt               | <b>\$ 4,392</b> | <b>\$ 3,876</b> |

The following table summarizes the contractual maturities of our long-term debt, including current maturities, at December 31, 2017:

| Millions of dollars                          |                 |
|----------------------------------------------|-----------------|
| 2018                                         | \$ 376          |
| 2019                                         | 261             |
| 2020                                         | 597             |
| 2021                                         | 298             |
| 2022                                         | 298             |
| Thereafter                                   | 2,938           |
| Long-term debt, including current maturities | <b>\$ 4,768</b> |

**Debt Offering**

On May 23, 2016, we completed a debt offering of \$500 million principal amount of 4.50% notes due in 2046. 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. 333-203704) filed with the Securities and Exchange Commission on April 29, 2015.

On November 2, 2016, Whirlpool Finance Luxembourg S.à. r.l. ("Whirlpool Luxembourg"), an indirect, wholly-owned finance subsidiary of Whirlpool Corporation, completed a debt offering of €500 million (approximately \$555 million as of the date of issuance) principal amount of 1.250% notes due in 2026. The Company has fully and unconditionally guaranteed these notes. The notes contain covenants that limit Whirlpool Corporation's 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.333-203704-1) filed with the Securities and Exchange Commission on October 25, 2016.

On November 9, 2017, Whirlpool Luxembourg, an indirect, wholly-owned finance subsidiary of Whirlpool Corporation, completed a debt offering of €600 million (approximately \$699 million as of the date of issuance) principal amount of 1.100% notes due in 2027. The Company has fully and unconditionally guaranteed these notes. The notes contain covenants that limit Whirlpool Corporation's 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.333-203704-1) filed with the Securities and Exchange Commission on October 25, 2016.

### **Debt Repayment**

On November 1, 2017, \$300 million of 1.65% senior notes matured and were repaid. On March 1, 2017, \$250 million of 1.35% senior notes matured and were repaid. On July 15, 2016, \$244 million of 7.75% notes matured and were repaid. On June 15, 2016, \$250 million of 6.50% notes matured and were repaid.

### **Credit Facilities**

On September 27, 2017, Whirlpool Corporation exercised its commitment increase and term extension rights under the Third Amended and Restated Long-Term Credit Agreement (the "Amended Long-Term Facility") by and among the Company, certain other borrowers, the lenders referred to therein, JPMorgan Chase Bank, N.A. as Administrative Agent, and Citibank, N.A., as Syndication Agent. In connection with this exercise, the Company entered into a Consent to Commitment Increase agreement with the Administrative Agent, which increases aggregate borrowing capacity under the Amended Long-Term Facility from \$2.5 billion to \$3.0 billion, and the Administrative Agent received extension request consents from a majority of lenders, which extends the termination date of the Amended Long-Term Facility by one year, to May 17, 2022. All other terms of the Amended Long-Term Facility remain unchanged.

The interest and fee rates payable with respect to the Amended Long-Term Facility based on our current debt rating are as follows: (1) the spread over LIBOR is 1.125%; (2) the spread over prime is 0.125%; and (3) the unused commitment fee is 0.125%. The Long-Term Facility contains customary covenants and warranties including, among other things, a debt to capitalization ratio of less than or equal to 0.60 to 1.00 as of the last day of 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 our 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 to the Company or other subsidiaries; and (vi) enter into agreements restricting the creation of liens on our assets.

In addition to the committed \$3.0 billion Amended Long-Term Facility, we have a committed European facility and committed credit facilities in Brazil. The European facility provides borrowings up to €250 million (approximately \$300 million at December 31, 2017), maturing in 2019. The committed credit facilities in Brazil provide borrowings up to 1.0 billion Brazilian reais (approximately \$302 million at December 31, 2017), maturing through 2018.

We had no borrowings outstanding under the committed credit facilities at December 31, 2017 and 2016, respectively.

### **Notes Payable**

Notes payable, which consist of short-term borrowings payable to banks 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 December 31, 2017 and 2016, respectively.

| Millions of dollars            | 2017          | 2016         |
|--------------------------------|---------------|--------------|
| Commercial paper               | \$ 401        | \$ —         |
| Short-term borrowings to banks | 49            | 34           |
| Total notes payable            | <u>\$ 450</u> | <u>\$ 34</u> |

**(5) COMMITMENTS AND CONTINGENCIES****OTHER MATTERS****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 and no payments are owed in connection with such resolutions. Embraco also has resolved certain other claims and certain claims remain pending.

At December 31, 2017, a nominal amount remains accrued. 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 statements.

**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. In the fourth quarter of 2017, the Brazilian Supreme Court issued a final judgment confirming that we had a right to these credits and that we were entitled to the full amount of credits previously monetized.

In December 2013, the Brazilian government reinstituted 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. Whether use of the reinstituted index should be given retroactive effect for the July 2009 to December 2013 period has been subject to review by the Brazilian courts. In the third quarter of 2017, the Brazilian Supreme Court ruled that the reinstituted index should be given retroactive effect for the July 2009 to December 2013 period, which decision may be appealed by the Brazilian government. Based on this ruling, we are entitled to recognize \$72 million in additional credits. We monetized \$42 million of BEFIEX credits during the twelve months ended December 31, 2017. As of December 31, 2017, approximately \$30 million BEFIEX credits remain to be monetized. We did not monetize any BEFIEX credits during the years ended December 31, 2016 or 2015.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with certain monetized BEFIEX credits. 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 December 31, 2017. 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 1.9 billion Brazilian reais (approximately \$565 million as of December 31, 2017).

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 241 million Brazilian reais (approximately \$73 million as of December 31, 2017), reflecting interest and penalties to date. We are disputing these assessments and we intend to vigorously defend our position. Among other arguments, the government's assessment in this case relies heavily on its arguments regarding taxability of BEFIEX credits for certain years, which we are disputing in one of the BEFIEX government assessment cases cited in the prior paragraph.

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 December 31, 2017, 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 221 million Brazilian reais (approximately \$67 million as of December 31, 2017). 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 December 31, 2017.

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, and other matters, which are at various stages of review in numerous administrative and judicial proceedings. 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. 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.

We also filed legal actions to recover certain social integration and social contribution taxes paid over gross sales including ICMS receipts, which is a form of Value Added Tax in Brazil. During the fourth quarter, we sold the rights to certain portions of this litigation to a third party for 90 million Brazilian reais (approximately \$27 million as of December 31, 2017). Approximately \$260 million in face value of credits related to this litigation remain. While the Company's recovery with respect to the remaining litigation may be material, there is substantial uncertainty about both the amount and timing of any recovery.

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial statements in any particular reporting period.

#### **Other Litigation**

We are currently vigorously defending a number of lawsuits in federal and state courts in the United States related to the manufacture and sale of our products which include class action allegations, and have and may become involved in similar actions in other jurisdictions. These lawsuits allege claims which include negligence, breach of contract, breach of warranty, product liability and safety claims, false advertising, fraud, and violation of federal and state regulations, including consumer protection laws. In general, 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 statements.

#### **Competition Investigation**

In 2013, the French Competition Authority ("FCA") commenced an investigation of appliance manufacturers and retailers in France. The investigation includes a number of manufacturers, including the Whirlpool and Indesit operations in France.

The Company is cooperating with this investigation. The Company understands that the FCA has split its investigation into two parts and that, with respect to the first part, it intends to issue a Statement of Objections ("SO") alleging competition law infringements regarding sales of major domestic appliances in France. An SO is a formal legal step in French competition law proceedings and does not prejudice the final outcome of the matter. The Company has not received the SO, but will carefully review and address any SO that it receives. The second part of the FCA's investigation is ongoing, but at a less advanced stage.

Although it is currently not possible to assess the impact, if any, this matter may have on our Consolidated Financial Statements, the resolution of this matter could have a material adverse effect on our financial statements in any particular reporting period.

### Product Warranty and Legacy Product Corrective Action Reserves

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

| Millions of dollars                      | Product Warranty |        | Legacy Product Warranty |        | Total  |        |
|------------------------------------------|------------------|--------|-------------------------|--------|--------|--------|
|                                          | 2017             | 2016   | 2017                    | 2016   | 2017   | 2016   |
| Balance at January 1                     | \$ 251           | \$ 239 | \$ 69                   | \$ 254 | \$ 320 | \$ 493 |
| Issuances/accruals during the period     | 331              | 316    | 1                       | —      | 332    | 316    |
| Settlements made during the period/other | (305)            | (304)  | (70)                    | (185)  | (375)  | (489)  |
| Balance at December 31                   | \$ 277           | \$ 251 | \$ —                    | \$ 69  | \$ 277 | \$ 320 |
| Current portion                          | \$ 203           | \$ 189 | \$ —                    | \$ 69  | \$ 203 | \$ 258 |
| Non-current portion                      | 74               | 62     | —                       | —      | 74     | 62     |
| Total                                    | \$ 277           | \$ 251 | \$ —                    | \$ 69  | \$ 277 | \$ 320 |

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 consumers, we are currently investigating a limited number of potential quality and safety issues globally. 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. As part of that process, in 2015, Whirlpool engaged in thorough investigations of incident reports associated with two of its dryer production platforms developed by Indesit, prior to Whirlpool's acquisition of Indesit in October 2014. This led to Indesit reporting the issue to regulatory authorities for consideration. These discussions determined that corrective action of the affected dryers was required.

In September 2015, we recorded a liability related to this corrective action cost of €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, in September 2015 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 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. Cash settlements related to this corrective action are recognized in other operating activities in the Consolidated Statements of Cash Flows. In addition, we sought recovery under the terms of the Indesit agreements and reached an agreement with the seller in the fourth quarter of 2016 to recover a portion of our acquisition-related costs. We recognized such amount in interest and sundry (income) expense. During the third quarter of 2017, the corrective action was substantially complete and any remaining charges related to the corrective action will be recorded under product warranty. In the twelve months ended December 31, 2017, Whirlpool had \$61 million of cash settlements made related to the corrective action.

### 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 December 31, 2017 and December 31, 2016, the guaranteed amounts totaled \$284 million and \$258 million, respectively. The fair value of these guarantees were nominal at December 31, 2017 and December 31, 2016. 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 contractual amount of indebtedness and credit facilities available under these lines for consolidated subsidiaries totaled \$2.8 billion at December 31, 2017 and \$2.4 billion at December 31, 2016. Our total outstanding bank indebtedness under guarantees was \$49 million at December 31, 2017 and \$32 million at December 31, 2016, respectively.

We have guaranteed a \$16 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 purpose of Harbor Shores is to stimulate employment and growth in the areas of Benton Harbor and St. Joseph, Michigan. The credit facility, which originated in 2008, was refinanced in December 2012 and we renewed our guarantee through 2017. It was also amended in 2016 and 2017 by Harbor Shores and reduced to \$40 million and \$16 million, respectively. The fair value of this guarantee was nominal at December 31, 2017 and December 31, 2016. In the event of default, we must satisfy the guarantee of the credit facility up to the amount borrowed at the date of default.

### **Operating Lease Commitments**

At December 31, 2017, we had noncancelable operating lease commitments totaling \$976 million. The annual future minimum lease payments are summarized by year in the table below:

| <b>Millions of dollars</b>                             |               |
|--------------------------------------------------------|---------------|
| 2018                                                   | \$ 222        |
| 2019                                                   | 187           |
| 2020                                                   | 154           |
| 2021                                                   | 108           |
| 2022                                                   | 86            |
| Thereafter                                             | 219           |
| <b>Total noncancelable operating lease commitments</b> | <b>\$ 976</b> |

Rent expense was \$238 million, \$234 million and \$238 million for 2017, 2016 and 2015, respectively.

### **Purchase Obligations**

Our expected cash outflows resulting from non-cancellable purchase obligations are summarized by year in the table below:

| <b>Millions of dollars</b>        |               |
|-----------------------------------|---------------|
| 2018                              | \$ 179        |
| 2019                              | 149           |
| 2020                              | 129           |
| 2021                              | 57            |
| 2022                              | 55            |
| Thereafter                        | 45            |
| <b>Total purchase obligations</b> | <b>\$ 614</b> |

## **(6) PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS**

We have funded and unfunded defined benefit pension plans that cover certain employees in North America, Europe, Asia and Brazil. For the United States plan, which comprises the majority of our obligation, the plans are frozen for the majority of participants. The formula for United States salaried employees covered under the qualified defined benefit plan was based on years of service and final average salary, while the formula for United States hourly employees covered under the defined benefit plans was based on specific dollar amounts for each year of service. There were multiple formulas for employees covered under the qualified and nonqualified defined benefit plans that were sponsored by Maytag, including a cash balance formula. In addition, we sponsor an unfunded Supplemental Executive Retirement Plan. This plan is nonqualified and provides certain key employees additional defined pension benefits that supplement those provided by the Company's other retirement plans.

A defined contribution plan is being provided to all United States employees and is not classified within the net periodic benefit cost. The Company provides annual match and automatic company contributions, in cash or company stock, of up to 7% of employees' eligible pay. Our contributions during 2017, 2016 and 2015 were \$82 million, \$77 million and \$76 million, respectively.

We provide postretirement health care benefits for eligible retired employees in the United States, Canada and Brazil. For our United States plan, which comprises the majority of our obligation, eligible retirees include those who were full-time employees with 10 years of service who attained age 55 while in service with us and those union retirees who met the eligibility requirements of their collective bargaining agreements. In general, the postretirement health and

welfare benefit plans include cost-sharing provisions that limit our exposure for recent and future retirees and are contributory, with participants' contributions adjusted annually. The plans are unfunded. We reserve the right to modify these benefits in the future.

During the second quarter 2011, we modified retiree medical benefits for certain retirees to be consistent with those benefits provided by the Whirlpool Corporation Group Benefit Plan. We accounted for these changes as a plan amendment in 2011, resulting in a reduction in the postretirement benefit obligation of \$138 million of which approximately \$92 million of benefit has been recognized in net earnings since 2011, with an offset to accumulated other comprehensive loss, net of tax. In response, a group of retirees initiated legal proceedings against Whirlpool asserting the above benefits are vested and changes to the plan are not permitted. We disagree with plaintiffs' assertion and are continuing to vigorously defend our position, including through any necessary appeal process. However, an unfavorable final result could require us to immediately reverse the benefit we have recognized to that point, and remeasure the associated postretirement benefit obligation, the impact of which will depend on timing and the actuarial assumptions then in effect.

### Defined Benefit - Pensions and Postretirement Benefit Plans

#### Obligations and Funded Status at End of Year

| Millions of dollars                                                         | United States Pension Benefits |                 | Foreign Pension Benefits |                 | Other Postretirement Benefits |                 |
|-----------------------------------------------------------------------------|--------------------------------|-----------------|--------------------------|-----------------|-------------------------------|-----------------|
|                                                                             | 2017                           | 2016            | 2017                     | 2016            | 2017                          | 2016            |
| <b>Funded status</b>                                                        |                                |                 |                          |                 |                               |                 |
| Fair value of plan assets                                                   | \$ 2,746                       | \$ 2,664        | \$ 571                   | \$ 510          | \$ —                          | \$ —            |
| Benefit obligations                                                         | 3,415                          | 3,415           | 952                      | 855             | 394                           | 376             |
| Funded status                                                               | <u>\$ (669)</u>                | <u>\$ (751)</u> | <u>\$ (381)</u>          | <u>\$ (345)</u> | <u>\$ (394)</u>               | <u>\$ (376)</u> |
| <b>Amounts recognized in the consolidated balance sheet</b>                 |                                |                 |                          |                 |                               |                 |
| Noncurrent asset                                                            | \$ —                           | \$ —            | \$ 11                    | \$ 2            | \$ —                          | \$ —            |
| Current liability                                                           | (16)                           | (14)            | (16)                     | (10)            | (42)                          | (42)            |
| Noncurrent liability                                                        | (653)                          | (737)           | (376)                    | (337)           | (352)                         | (334)           |
| Amount recognized                                                           | <u>\$ (669)</u>                | <u>\$ (751)</u> | <u>\$ (381)</u>          | <u>\$ (345)</u> | <u>\$ (394)</u>               | <u>\$ (376)</u> |
| <b>Amounts recognized in accumulated other comprehensive loss (pre-tax)</b> |                                |                 |                          |                 |                               |                 |
| Net actuarial loss                                                          | \$ 1,380                       | \$ 1,426        | \$ 201                   | \$ 176          | \$ 17                         | \$ 3            |
| Prior service (credit) cost                                                 | (4)                            | (7)             | (4)                      | (3)             | (20)                          | (40)            |
| Amount recognized                                                           | <u>\$ 1,376</u>                | <u>\$ 1,419</u> | <u>\$ 197</u>            | <u>\$ 173</u>   | <u>\$ (3)</u>                 | <u>\$ (37)</u>  |

#### Change in Benefit Obligation

| Millions of dollars                         | United States Pension Benefits |                 | Foreign Pension Benefits |               | Other Postretirement Benefits |               |
|---------------------------------------------|--------------------------------|-----------------|--------------------------|---------------|-------------------------------|---------------|
|                                             | 2017                           | 2016            | 2017                     | 2016          | 2017                          | 2016          |
| Benefit obligation, beginning of year       | \$ 3,415                       | \$ 3,470        | \$ 855                   | \$ 865        | \$ 376                        | \$ 441        |
| Service cost                                | 2                              | 3               | 5                        | 5             | 7                             | 7             |
| Interest cost                               | 134                            | 147             | 23                       | 27            | 16                            | 18            |
| Plan participants' contributions            | —                              | —               | 1                        | 1             | —                             | 6             |
| Actuarial loss (gain)                       | 188                            | 92              | 30                       | 105           | 15                            | (16)          |
| Benefits paid                               | (260)                          | (286)           | (32)                     | (31)          | (40)                          | (54)          |
| Plan amendments                             | —                              | —               | —                        | —             | 16                            | (30)          |
| Transfer of liabilities                     | (64)                           | —               | —                        | —             | —                             | —             |
| Special termination benefit                 | —                              | —               | —                        | —             | 4                             | —             |
| Settlements / curtailment (gain)            | —                              | (11)            | (12)                     | (16)          | —                             | —             |
| Foreign currency exchange rates             | —                              | —               | 82                       | (101)         | —                             | 4             |
| Benefit obligation, end of year             | <u>\$ 3,415</u>                | <u>\$ 3,415</u> | <u>\$ 952</u>            | <u>\$ 855</u> | <u>\$ 394</u>                 | <u>\$ 376</u> |
| Accumulated benefit obligation, end of year | <u>\$ 3,403</u>                | <u>\$ 3,406</u> | <u>\$ 914</u>            | <u>\$ 816</u> | <u>N/A</u>                    | <u>N/A</u>    |

## Change in Plan Assets

| Millions of dollars                          | United States Pension Benefits |                 | Foreign Pension Benefits |               | Other Postretirement Benefits |             |
|----------------------------------------------|--------------------------------|-----------------|--------------------------|---------------|-------------------------------|-------------|
|                                              | 2017                           | 2016            | 2017                     | 2016          | 2017                          | 2016        |
| Fair value of plan assets, beginning of year | \$ 2,664                       | \$ 2,741        | \$ 510                   | \$ 552        | \$ —                          | \$ —        |
| Actual return on plan assets                 | 359                            | 206             | 28                       | 47            | —                             | —           |
| Employer contribution                        | 47                             | 14              | 30                       | 30            | 40                            | 48          |
| Plan participants' contributions             | —                              | —               | 1                        | 1             | —                             | 6           |
| Benefits paid                                | (260)                          | (286)           | (32)                     | (31)          | (40)                          | (54)        |
| Transfer of plan assets                      | (64)                           | —               | —                        | —             | —                             | —           |
| Settlements                                  | —                              | (11)            | (12)                     | (14)          | —                             | —           |
| Foreign currency exchange rates              | —                              | —               | 46                       | (75)          | —                             | —           |
| Fair value of plan assets, end of year       | <u>\$ 2,746</u>                | <u>\$ 2,664</u> | <u>\$ 571</u>            | <u>\$ 510</u> | <u>\$ —</u>                   | <u>\$ —</u> |

## Components of Net Periodic Benefit Cost

| Millions of dollars            | United States Pension Benefits |              |              | Foreign Pension Benefits |             |              | Other Postretirement Benefits |              |                |
|--------------------------------|--------------------------------|--------------|--------------|--------------------------|-------------|--------------|-------------------------------|--------------|----------------|
|                                | 2017                           | 2016         | 2015         | 2017                     | 2016        | 2015         | 2017                          | 2016         | 2015           |
| Service cost                   | \$ 2                           | \$ 3         | \$ 3         | \$ 5                     | \$ 5        | \$ 5         | \$ 7                          | \$ 7         | \$ 2           |
| Interest cost                  | 134                            | 147          | 150          | 23                       | 27          | 31           | 16                            | 18           | 19             |
| Expected return on plan assets | (175)                          | (186)        | (191)        | (30)                     | (30)        | (33)         | —                             | —            | —              |
| Amortization:                  |                                |              |              |                          |             |              |                               |              |                |
| Actuarial loss                 | 50                             | 46           | 53           | 6                        | 4           | 5            | —                             | —            | —              |
| Prior service cost (credit)    | (3)                            | (3)          | (3)          | —                        | —           | —            | (4)                           | (15)         | (23)           |
| Special termination benefit    | —                              | —            | —            | —                        | —           | —            | 4                             | —            | —              |
| Curtailment gain               | —                              | 4            | —            | —                        | (1)         | —            | —                             | —            | (63)           |
| Settlement loss                | —                              | —            | —            | 2                        | 3           | 12           | —                             | —            | —              |
| Net periodic benefit cost      | <u>\$ 8</u>                    | <u>\$ 11</u> | <u>\$ 12</u> | <u>\$ 6</u>              | <u>\$ 8</u> | <u>\$ 20</u> | <u>\$ 23</u>                  | <u>\$ 10</u> | <u>\$ (65)</u> |

The following table summarizes the net periodic cost recognized in operating profit and interest and sundry (income) expense for the years ending December 31, 2017, 2016 and 2015:

| Millions of dollars                | United States Pension Benefits |              |              | Foreign Pension Benefits |             |              | Other Postretirement Benefits |              |                |
|------------------------------------|--------------------------------|--------------|--------------|--------------------------|-------------|--------------|-------------------------------|--------------|----------------|
|                                    | 2017                           | 2016         | 2015         | 2017                     | 2016        | 2015         | 2017                          | 2016         | 2015           |
| Operating profit (loss)            | \$ 2                           | \$ 3         | \$ 3         | \$ 5                     | \$ 5        | \$ 5         | \$ 7                          | \$ 7         | \$ 2           |
| Interest and sundry (income)       | 6                              | 8            | 9            | 1                        | 3           | 15           | 16                            | 3            | (67)           |
| Net periodic benefit cost (credit) | <u>\$ 8</u>                    | <u>\$ 11</u> | <u>\$ 12</u> | <u>\$ 6</u>              | <u>\$ 8</u> | <u>\$ 20</u> | <u>\$ 23</u>                  | <u>\$ 10</u> | <u>\$ (65)</u> |

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 \$15 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 fourth quarter of 2017, we transferred a portion of small-benefit retirees under the pension plans to an insurance company. The liability and asset transfer was \$64 million and did not have an impact on the consolidated balance sheets as of December 31, 2017.

**Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss (Pre-Tax) in 2017**

| Millions of dollars                                                                   | United States<br>Pension Benefits | Foreign<br>Pension Benefits | Other Postretirement<br>Benefits |
|---------------------------------------------------------------------------------------|-----------------------------------|-----------------------------|----------------------------------|
| Current year actuarial loss                                                           | \$ 4                              | \$ 33                       | \$ 14                            |
| Actuarial (loss) recognized during the year                                           | (50)                              | (9)                         | —                                |
| Current year prior service cost (credit)                                              | —                                 | —                           | 16                               |
| Prior service credit (cost) recognized during the year                                | 3                                 | —                           | 4                                |
| Total recognized in other comprehensive loss (pre-tax)                                | <u>\$ (43)</u>                    | <u>\$ 24</u>                | <u>\$ 34</u>                     |
| Total recognized in net periodic benefit costs and other comprehensive loss (pre-tax) | <u>\$ (35)</u>                    | <u>\$ 30</u>                | <u>\$ 57</u>                     |

**Estimated Pre-Tax Amounts that will be amortized from Accumulated Other Comprehensive Loss into Net Periodic Pension Cost in 2018**

| Millions of dollars    | United States<br>Pension Benefits | Foreign<br>Pension Benefits | Other Postretirement<br>Benefits |
|------------------------|-----------------------------------|-----------------------------|----------------------------------|
| Actuarial loss         | \$ 56                             | \$ 10                       | \$ —                             |
| Prior service (credit) | (3)                               | —                           | (4)                              |
| Total                  | <u>\$ 53</u>                      | <u>\$ 10</u>                | <u>\$ (4)</u>                    |

We amortize prior service costs (credits) over a period of up to 21 years.

**Assumptions**
**Weighted-Average Assumptions used to Determine Benefit Obligation at End of Year**

|                               | United States<br>Pension Benefits |       | Foreign<br>Pension Benefits |       | Other Postretirement<br>Benefits |       |
|-------------------------------|-----------------------------------|-------|-----------------------------|-------|----------------------------------|-------|
|                               | 2017                              | 2016  | 2017                        | 2016  | 2017                             | 2016  |
| Discount rate                 | 3.65%                             | 4.15% | 2.57%                       | 2.64% | 4.00%                            | 4.42% |
| Rate of compensation increase | 4.50%                             | 4.50% | 3.20%                       | 3.08% | N/A                              | N/A   |

**Weighted-Average Assumptions used to Determine Net Periodic Cost**

|                                                  | United States<br>Pension Benefits |       |       | Foreign<br>Pension Benefits |       |       | Other Postretirement<br>Benefits |       |       |
|--------------------------------------------------|-----------------------------------|-------|-------|-----------------------------|-------|-------|----------------------------------|-------|-------|
|                                                  | 2017                              | 2016  | 2015  | 2017                        | 2016  | 2015  | 2017                             | 2016  | 2015  |
| Discount rate                                    | 4.15%                             | 4.45% | 4.05% | 2.64%                       | 3.40% | 3.32% | 4.73%                            | 4.88% | 4.74% |
| Expected long-term rate of return on plan assets | 6.75%                             | 7.00% | 7.00% | 5.78%                       | 5.81% | 5.63% | N/A                              | N/A   | N/A   |
| Rate of compensation increase                    | 4.50%                             | 4.50% | 4.50% | 3.08%                       | 3.06% | 3.23% | N/A                              | N/A   | N/A   |
| Health care cost trend rate                      |                                   |       |       |                             |       |       |                                  |       |       |
| Initial rate                                     | N/A                               | N/A   | N/A   | N/A                         | N/A   | N/A   | 6.75%                            | 7.00% | 7.00% |
| Ultimate rate                                    | N/A                               | N/A   | N/A   | N/A                         | N/A   | N/A   | 5.00%                            | 5.00% | 5.00% |
| Year that ultimate rate will be reached          | N/A                               | N/A   | N/A   | N/A                         | N/A   | N/A   | 2025                             | 2019  | 2019  |

**Discount Rate**

For our United States pension and postretirement benefit plans, the discount rate was selected using a hypothetical portfolio of high quality bonds outstanding at December 31 that would provide the necessary cash flows to match our projected benefit payments. For our foreign pension and postretirement benefit plans, the discount rate was primarily selected using high quality bond yields for the respective country or region covered by the plan.



### Expected Return on Plan Assets

In the United States, the expected rate of return on plan assets was determined by using the historical asset returns for publicly traded equity and fixed income securities tracked since 1926 and the historical returns for private equity. The historical equity returns were adjusted downward to reflect future expectations. The expected returns are weighted by the targeted asset allocations. The resulting weighted-average return was rounded to the nearest quarter of one percent and applied to the fair value of plan assets as of December 31, 2017.

For foreign pension plans, the expected rate of return on plan assets was primarily determined by observing historical returns in the local fixed income and equity markets and computing the weighted average returns with the weights being the asset allocation of each plan.

### Estimated Impact of One Percentage-Point Change in Assumed Health Care Cost Trend Rate

A one percentage point change in assumed health care cost trend rates would have the following effects on our health care plan:

| Millions of dollars                          | One Percentage Point Increase | One Percentage Point Decrease |
|----------------------------------------------|-------------------------------|-------------------------------|
| Effect on total of service and interest cost | \$ —                          | \$ —                          |
| Effect on postretirement benefit obligations | 3                             | (3)                           |

### Cash Flows

#### Funding Policy

Our funding policy is to contribute to our United States pension plans amounts sufficient to meet the minimum funding requirement as defined by employee benefit and tax laws, plus additional amounts which we may determine to be appropriate. In certain countries other than the United States, the funding of pension plans is not common practice. Contributions to our United States pension plans may be made in the form of cash or company stock. We pay for retiree medical benefits as they are incurred.

### Expected Employer Contributions to Funded Plans

| Millions of dollars | United States Pension Benefits | Foreign Pension Benefits |
|---------------------|--------------------------------|--------------------------|
| 2018                | \$ 34                          | \$ 18                    |

### Expected Benefit Payments

| Millions of dollars | United States Pension Benefits | Foreign Pension Benefits | Other Postretirement Benefits |
|---------------------|--------------------------------|--------------------------|-------------------------------|
| 2018                | \$ 298                         | \$ 42                    | \$ 41                         |
| 2019                | 271                            | 42                       | 43                            |
| 2020                | 260                            | 40                       | 33                            |
| 2021                | 259                            | 41                       | 32                            |
| 2022                | 250                            | 42                       | 31                            |
| 2023-2027           | 1,120                          | 219                      | 130                           |

**Plan Assets**

Our overall investment strategy is to achieve an appropriate mix of investments for long-term growth and for near-term benefit payments with a wide diversification of asset types, fund strategies, and investment fund managers. The target allocation for plan assets is generally 40% equity and 60% fixed income (with variance based on the plan's funded status), with exceptions for foreign pension plans. For our U.S. plans, the target allocation for equity securities is approximately 50% allocated to United States large-cap, 25% to international equity, 13% to United States mid and small-cap companies and 12% in venture capital. The target allocation for fixed income is allocated with 75% to corporate bonds and 25% to United States treasury and other government securities. The fixed income securities duration is intended to match that of our United States pension liabilities.

Plan assets are reported at fair value based on an exit price, representing the amount that would be received to sell an asset in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset. 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. Certain investments are valued based on net asset value (NAV), which approximates fair value. Such basis is determined by referencing the respective fund's underlying assets. There are no unfunded commitments or other restrictions associated with these investments. We manage the process and approve the results of a third-party pricing service to value the majority of our securities and to determine the appropriate level in the fair value hierarchy.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

The fair values of our pension plan assets at December 31, 2017 and 2016, by asset category were as follows:

| Millions of dollars                                           | December 31,               |              |                                                     |                |                                                    |              |                 |                |                |                |
|---------------------------------------------------------------|----------------------------|--------------|-----------------------------------------------------|----------------|----------------------------------------------------|--------------|-----------------|----------------|----------------|----------------|
|                                                               | Quoted prices<br>(Level 1) |              | Other significant<br>observable inputs<br>(Level 2) |                | Significant<br>unobservable<br>inputs<br>(Level 3) |              | Net Asset Value |                | Total          |                |
|                                                               | 2017                       | 2016         | 2017                                                | 2016           | 2017                                               | 2016         | 2017            | 2016           | 2017           | 2016           |
| Cash and cash equivalents                                     | \$ 36                      | \$ 47        | \$ —                                                | \$ —           | \$ —                                               | \$ —         | \$ —            | \$ —           | \$ 36          | \$ 47          |
| Government and government<br>agency securities <sup>(a)</sup> |                            |              |                                                     |                |                                                    |              |                 |                |                |                |
| U.S. securities                                               | —                          | —            | 439                                                 | 455            | —                                                  | —            | —               | —              | 439            | 455            |
| International securities                                      | —                          | —            | 117                                                 | 111            | —                                                  | —            | —               | —              | 117            | 111            |
| Corporate bonds and notes <sup>(a)</sup>                      |                            |              |                                                     |                |                                                    |              |                 |                |                |                |
| U.S. companies                                                | —                          | —            | 976                                                 | 892            | —                                                  | —            | —               | —              | 976            | 892            |
| International companies                                       | —                          | —            | 153                                                 | 138            | —                                                  | —            | —               | —              | 153            | 138            |
| Equity securities <sup>(b)</sup>                              |                            |              |                                                     |                |                                                    |              |                 |                |                |                |
| U.S. companies                                                | 19                         | 14           | —                                                   | —              | —                                                  | —            | —               | —              | 19             | 14             |
| International companies                                       | 235                        | 186          | —                                                   | —              | —                                                  | —            | —               | —              | 235            | 186            |
| Mutual funds <sup>(c)</sup>                                   | 59                         | 64           | —                                                   | —              | —                                                  | —            | —               | —              | 59             | 64             |
| Investments at net asset value                                |                            |              |                                                     |                |                                                    |              |                 |                |                |                |
| U.S. equity securities <sup>(d)</sup>                         | —                          | —            | —                                                   | —              | —                                                  | —            | 626             | 650            | 626            | 650            |
| International equity<br>securities <sup>(d)</sup>             | —                          | —            | —                                                   | —              | —                                                  | —            | 70              | 56             | 70             | 56             |
| Short-term investment<br>fund <sup>(d)</sup>                  | —                          | —            | —                                                   | —              | —                                                  | —            | 33              | 30             | 33             | 30             |
| International debt<br>securities <sup>(e)</sup>               | —                          | —            | —                                                   | —              | —                                                  | —            | 134             | 104            | 134            | 104            |
| International equity<br>securities <sup>(e)</sup>             | —                          | —            | —                                                   | —              | —                                                  | —            | 286             | 268            | 286            | 268            |
| Real estate <sup>(f)</sup>                                    | —                          | —            | —                                                   | —              | —                                                  | —            | 10              | 10             | 10             | 10             |
| Limited partnerships <sup>(g)</sup>                           |                            |              |                                                     |                |                                                    |              |                 |                |                |                |
| U.S. private equity<br>investments                            | —                          | —            | —                                                   | —              | 86                                                 | 104          | —               | —              | 86             | 104            |
| Diversified fund of funds                                     | —                          | —            | —                                                   | —              | 8                                                  | 14           | —               | —              | 8              | 14             |
| Emerging growth                                               | —                          | —            | —                                                   | —              | 12                                                 | 14           | —               | —              | 12             | 14             |
| All other investments                                         | —                          | —            | 18                                                  | 17             | —                                                  | —            | —               | —              | 18             | 17             |
|                                                               | <u>\$349</u>               | <u>\$311</u> | <u>\$1,703</u>                                      | <u>\$1,613</u> | <u>\$106</u>                                       | <u>\$132</u> | <u>\$1,159</u>  | <u>\$1,118</u> | <u>\$3,317</u> | <u>\$3,174</u> |

- (a) Valued using pricing vendors who use proprietary models to estimate the price a dealer would pay to buy a security using significant observable inputs, such as interest rates, yield curves, and credit risk.
- (b) Valued using the closing stock price on a national securities exchange, which reflects the last reported sales price on the last business day of the year.
- (c) Valued using the net asset value (NAV) of the fund, which is based on the fair value of underlying securities. The fund primarily invests in a diversified portfolio of equity securities issued by non-U.S. companies.
- (d) Common and collective trust funds valued using the NAV of the fund, which is based on the fair value of underlying securities.
- (e) Fund of funds valued using the NAV of the fund, which is based on the fair value of underlying securities. International debt securities includes corporate bonds & notes and government & government agency securities.
- (f) Valued using the NAV of the fund, which is based on the fair value of underlying assets.
- (g) Valued at estimated fair value based on the proportionate share of the limited partnership's fair value, as determined by the general partner.

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

| Millions of dollars        | Limited Partnerships |
|----------------------------|----------------------|
| Balance, December 31, 2016 | \$ 132               |
| Realized gains (net)       | 21                   |
| Unrealized gains (net)     | (9)                  |
| Purchases                  | —                    |
| Settlements                | (38)                 |
| Balance, December 31, 2017 | <u>\$ 106</u>        |

**Additional Information**

The projected benefit obligation and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets at December 31, 2017 and 2016 were as follows:

| Millions of dollars          | United States Pension Benefits |          | Foreign Pension Benefits |        |
|------------------------------|--------------------------------|----------|--------------------------|--------|
|                              | 2017                           | 2016     | 2017                     | 2016   |
| Projected benefit obligation | \$ 3,415                       | \$ 3,415 | \$ 822                   | \$ 759 |
| Fair value of plan assets    | 2,746                          | 2,664    | 437                      | 421    |

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2017 and 2016 were as follows:

| Millions of dollars            | United States Pension Benefits |          | Foreign Pension Benefits |        |
|--------------------------------|--------------------------------|----------|--------------------------|--------|
|                                | 2017                           | 2016     | 2017                     | 2016   |
| Projected benefit obligation   | \$ 3,415                       | \$ 3,415 | \$ 816                   | \$ 720 |
| Accumulated benefit obligation | 3,403                          | 3,406    | 793                      | 699    |
| Fair value of plan assets      | 2,746                          | 2,664    | 432                      | 383    |

**(7) 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 December 31, 2017 and 2016 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.

### Net Investment Hedging

The following table summarizes our foreign currency denominated debt and foreign exchange forwards/options designated as net investment hedges at December 31, 2017 and 2016:

| Instrument                        | Notional (local) |       | Notional (USD) |        | Maturity     |
|-----------------------------------|------------------|-------|----------------|--------|--------------|
|                                   | 2017             | 2016  | 2017           | 2016   |              |
| Senior note - 0.625%              | € 500            | € 500 | \$ 600         | \$ 527 | March 2020   |
| Commercial Paper                  | € 150            | € —   | \$ 180         | \$ —   | January 2018 |
| Foreign exchange forwards/options | MXN 7,200        | MXN 0 | \$ 366         | \$ —   | August 2022  |

For instruments that are designated and qualify as a net investment hedge, the effective portion of the instruments' gain or loss is reported as a component of OCI and recorded in accumulated other comprehensive loss. The gain or loss will be subsequently reclassified into net earnings when the hedged net investment is either sold or substantially liquidated. The remaining change in fair value of the hedge instruments represents the ineffective portion, which is immediately recognized in interest and sundry (income) expense on our consolidated statements of income. As of December 31, 2017, there was no ineffectiveness on hedges designated as net investment hedges.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following tables summarize our outstanding derivative contracts and their effects on our Consolidated Balance Sheets at December 31, 2017 and 2016:

| Millions of dollars                           | Notional Amount |         | Fair Value of |       |                   |       | Type of Hedge <sup>(1)</sup> | Maximum Term (Months) |      |
|-----------------------------------------------|-----------------|---------|---------------|-------|-------------------|-------|------------------------------|-----------------------|------|
|                                               |                 |         | Hedge Assets  |       | Hedge Liabilities |       |                              | 2017                  | 2016 |
|                                               | 2017            | 2016    | 2017          | 2016  | 2017              | 2016  |                              |                       |      |
| Derivatives accounted for as hedges           |                 |         |               |       |                   |       |                              |                       |      |
| Foreign exchange forwards/options             | \$3,113         | \$1,813 | \$ 55         | \$ 32 | \$ 157            | \$ 10 | (CF/NI)                      | 56                    | 58   |
| Commodity swaps/options                       | 269             | 299     | 29            | 7     | 1                 | 11    | (CF)                         | 36                    | 36   |
| Total derivatives accounted for as hedges     |                 |         | \$ 84         | \$ 39 | \$ 158            | \$ 21 |                              |                       |      |
| Derivatives not accounted for as hedges       |                 |         |               |       |                   |       |                              |                       |      |
| Foreign exchange forwards/options             | \$3,390         | \$3,262 | \$ 58         | \$ 39 | \$ 50             | \$ 16 | N/A                          | 33                    | 35   |
| Commodity swaps/options                       | 1               | 2       | —             | —     | —                 | —     | N/A                          | 5                     | 2    |
| Total derivatives not accounted for as hedges |                 |         | 58            | 39    | 50                | 16    |                              |                       |      |
| Total derivatives                             |                 |         | \$ 142        | \$ 78 | \$ 208            | \$ 37 |                              |                       |      |
| Current                                       |                 |         | \$ 89         | \$ 54 | \$ 81             | \$ 35 |                              |                       |      |
| Noncurrent                                    |                 |         | 53            | 24    | 127               | 2     |                              |                       |      |
| Total derivatives                             |                 |         | \$ 142        | \$ 78 | \$ 208            | \$ 37 |                              |                       |      |

<sup>(1)</sup> Derivatives accounted for as hedges are considered either cash flow (CF) or net investment (NI) hedges in 2017. During 2016, foreign exchange derivatives accounted for as hedges were classified as cash flow hedges.

The effects of derivative instruments on our Consolidated Statements of Income and Comprehensive Income for OCI for the years ended December 31, 2017 and 2016 are as follows:

| Cash Flow Hedges - Millions of dollars | Gain (Loss) Recognized in OCI (Effective Portion) |        | Gain (Loss) Reclassified from OCI into Income (Effective Portion) <sup>(1)</sup> |       |     |
|----------------------------------------|---------------------------------------------------|--------|----------------------------------------------------------------------------------|-------|-----|
|                                        | 2017                                              | 2016   | 2017                                                                             | 2016  |     |
| Foreign exchange forwards/options      | \$ (164)                                          | \$ 27  | \$ (122)                                                                         | \$ 66 | (a) |
| Commodity swaps/options                | 59                                                | 53     | 43                                                                               | (30)  | (a) |
| Interest rate derivatives              | —                                                 | —      | (1)                                                                              | (1)   | (b) |
| <b>Net Investment Hedges</b>           |                                                   |        |                                                                                  |       |     |
| Foreign currency                       | (49)                                              | 28     | —                                                                                | —     |     |
|                                        | \$ (154)                                          | \$ 108 | \$ (80)                                                                          | \$ 35 |     |

| Derivatives not Accounted for as Hedges - Millions of dollars | Gain (Loss) Recognized on Derivatives not Accounted for as Hedges <sup>(2)</sup> |       |
|---------------------------------------------------------------|----------------------------------------------------------------------------------|-------|
|                                                               | 2017                                                                             | 2016  |
| Foreign exchange forwards/options                             | \$ (40)                                                                          | \$ 26 |

<sup>(1)</sup> Gains and losses reclassified from accumulated OCI and recognized in income are recorded in (a) cost of products sold, (b) interest expense or (c) other (income) 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 during 2017 and 2016. There were no hedges designated as fair value in 2017 and 2016. 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 a loss of \$58 million at December 31, 2017.

## (8) 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 December 31, 2017.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2017 and 2016 are as follows:

| Millions of dollars                         | Total Cost Basis |       | Quoted Prices In Active Markets for Identical Assets (Level 1) |       | Significant Other Observable Inputs (Level 2) |      | Total Fair Value |       |
|---------------------------------------------|------------------|-------|----------------------------------------------------------------|-------|-----------------------------------------------|------|------------------|-------|
|                                             | 2017             | 2016  | 2017                                                           | 2016  | 2017                                          | 2016 | 2017             | 2016  |
| Money market funds <sup>(1)</sup>           | \$ 2             | \$ 29 | \$ 2                                                           | \$ 29 | \$ —                                          | \$ — | \$ 2             | \$ 29 |
| Net derivative contracts                    | —                | —     | —                                                              | —     | (66)                                          | 41   | (66)             | 41    |
| Available for sale investments              | 6                | 4     | 22                                                             | 16    | —                                             | —    | 22               | 16    |
| Held to maturity investments <sup>(2)</sup> | 60               | —     | 60                                                             | —     | —                                             | —    | 60               | —     |

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

<sup>(2)</sup> Held to maturity investments are primarily comprised of certificate of deposits with an approximate maturity term of less than six months.

### Other Fair Value Measurements

The fair value of long-term debt (including current maturities) was \$4.95 billion and \$4.47 billion at December 31, 2017 and 2016, respectively, and was estimated using a discounted cash flow analysis based on incremental borrowing rates for similar types of borrowing arrangements (Level 2 input).

## (9) STOCKHOLDERS' EQUITY

### Comprehensive Income

Comprehensive income primarily includes (1) our reported net earnings, (2) foreign currency translation, (3) changes in the effective portion of our open derivative contracts designated as cash flow or net investment hedges, (4) changes in our unrecognized pension and other postretirement benefits and (5) changes in fair value of our available for sale marketable securities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table shows the components of accumulated other comprehensive income (loss) available to Whirlpool at December 31, 2015, 2016, and 2017, and the activity for the years then ended:

| Millions of dollars                                                  | Foreign<br>Currency | Derivative<br>Instruments | Pension and<br>Postretirement<br>Liability | Marketable<br>Securities | Total             |
|----------------------------------------------------------------------|---------------------|---------------------------|--------------------------------------------|--------------------------|-------------------|
| <b>December 31, 2014</b>                                             | <b>\$ (925)</b>     | <b>\$ (7)</b>             | <b>\$ (918)</b>                            | <b>\$ 10</b>             | <b>\$ (1,840)</b> |
| Unrealized gain (loss)                                               | (432)               | (23)                      | —                                          | 3                        | (452)             |
| Unrealized actuarial gain(loss) and prior service credit (cost)      | —                   | —                         | (79)                                       | —                        | (79)              |
| Tax effect                                                           | —                   | —                         | 30                                         | —                        | 30                |
| Other comprehensive income (loss), net of tax                        | (432)               | (23)                      | (49)                                       | 3                        | (501)             |
| Less: Other comprehensive loss available to noncontrolling interests | (9)                 | —                         | —                                          | —                        | (9)               |
| Other comprehensive income (loss) available to Whirlpool             | (423)               | (23)                      | (49)                                       | 3                        | (492)             |
| <b>December 31, 2015</b>                                             | <b>\$ (1,348)</b>   | <b>\$ (30)</b>            | <b>\$ (967)</b>                            | <b>\$ 13</b>             | <b>\$ (2,332)</b> |
| Unrealized gain (loss)                                               | (30)                | 71                        | —                                          | (2)                      | 39                |
| Unrealized actuarial gain (loss) and prior service credit (cost)     | —                   | —                         | (70)                                       | —                        | (70)              |
| Tax effect                                                           | (17)                | (26)                      | 6                                          | —                        | (37)              |
| Other comprehensive income (loss), net of tax                        | (47)                | 45                        | (64)                                       | (2)                      | (68)              |
| Less: Other comprehensive loss available to noncontrolling interests | —                   | —                         | —                                          | —                        | —                 |
| Other comprehensive income (loss) available to Whirlpool             | (47)                | 45                        | (64)                                       | (2)                      | (68)              |
| <b>December 31, 2016</b>                                             | <b>\$ (1,395)</b>   | <b>\$ 15</b>              | <b>\$ (1,031)</b>                          | <b>\$ 11</b>             | <b>\$ (2,400)</b> |
| Unrealized gain (loss)                                               | 32                  | (4)                       | —                                          | 6                        | 34                |
| Unrealized actuarial gain (loss) and prior service credit (cost)     | —                   | —                         | (15)                                       | —                        | (15)              |
| Tax effect                                                           | 43                  | —                         | 7                                          | —                        | 50                |
| Other comprehensive income (loss), net of tax                        | 75                  | (4)                       | (8)                                        | 6                        | 69                |
| Less: Other comprehensive loss available to noncontrolling interests | —                   | —                         | —                                          | —                        | —                 |
| Other comprehensive income (loss) available to Whirlpool             | 75                  | (4)                       | (8)                                        | 6                        | 69                |
| <b>December 31, 2017</b>                                             | <b>\$ (1,320)</b>   | <b>\$ 11</b>              | <b>\$ (1,039)</b>                          | <b>\$ 17</b>             | <b>\$ (2,331)</b> |

## 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 were calculated as follows:

| Millions of dollars and shares                                                           | 2017   | 2016   | 2015   |
|------------------------------------------------------------------------------------------|--------|--------|--------|
| Numerator for basic and diluted earnings per share – net earnings available to Whirlpool | \$ 350 | \$ 888 | \$ 783 |
| Denominator for basic earnings per share – weighted-average shares                       | 73.3   | 76.1   | 78.7   |
| Effect of dilutive securities – stock-based compensation                                 | 1.1    | 1.1    | 1.0    |
| Denominator for diluted earnings per share – adjusted weighted-average shares            | 74.4   | 77.2   | 79.7   |
| Anti-dilutive stock options/awards excluded from earnings per share                      | 0.6    | 0.3    | 0.2    |

## Dividends

Dividends per share paid to shareholders were \$4.30, \$3.90 and \$3.45 during 2017, 2016 and 2015, respectively.

## Repurchase Program

On April 18, 2016, our Board of Directors authorized a new share repurchase program of up to \$1 billion. For the year ended December 31, 2017, we repurchased 4,010,000 shares at an aggregate purchase price of approximately \$700 million under this program. At December 31, 2017, there were no remaining funds authorized under this program.

On July 25, 2017, our Board of Directors authorized an additional share repurchase program of up to \$2 billion. For the year ended December 31, 2017, we repurchased 305,500 shares at an aggregate purchase price of approximately \$50 million under this program. At December 31, 2017, there were approximately \$1,950 million in remaining funds authorized under this program.

Share repurchases are made from time to time on the open market as conditions warrant. These programs do not obligate us to repurchase any of our shares and they have no expiration date.

## (10) SHARE-BASED INCENTIVE PLANS

We sponsor several share-based employee incentive plans. Share-based compensation expense for grants awarded under these plans was \$48 million, \$39 million and \$52 million in 2017, 2016, and 2015, respectively. Related income tax benefits recognized in earnings were \$16 million, \$14 million and \$18 million in 2017, 2016, and 2015, respectively.

At December 31, 2017, unrecognized compensation cost related to non-vested stock option and stock unit awards totaled \$55 million. The cost of these non-vested awards is expected to be recognized over a weighted-average remaining vesting period of 28 months.

### Share-Based Employee Incentive Plans

On April 16, 2013, our stockholders approved the Amended and Restated 2010 Omnibus Stock and Incentive Plan ("2010 OSIP"). This plan was previously adopted by our Board of Directors on February 19, 2013 and provides for the issuance of stock options, performance stock units, performance shares, restricted stock and restricted stock units. No new awards may be granted under the 2010 OSIP after the tenth anniversary of the date that the stockholders approved the plan. However, the term and exercise of awards granted before then may extend beyond that date. At December 31, 2017, approximately 5.1 million shares remain available for issuance under the 2010 OSIP.

### Stock Options

Eligible employees may receive stock options as a portion of their total compensation. Such options generally become exercisable over a 3-year period, expire 10 years from the date of grant and are subject to forfeiture upon termination of employment, other than by death, disability or retirement. We use the Black-Scholes option-pricing model to measure the fair value of stock options granted to employees. Granted options have exercise prices equal to the market price of Whirlpool common stock on the grant date. The principal assumptions used in valuing options include: (1) risk-free interest rate - an estimate based on the yield of United States zero coupon securities with a maturity equal to the expected life of the option; (2) expected volatility - an estimate based on the historical volatility of Whirlpool common stock for a period equal to the expected life of the option; and (3) expected option life - an estimate based on historical experience. Stock options are expensed on a straight-line basis, net of estimated forfeitures. Based on the results of the model, the weighted-average grant date fair value of stock options granted for 2017, 2016, and 2015 were \$44.01, \$31.21 and \$63.40, respectively, using the following assumptions:

| Weighted Average Black-Scholes Assumptions | 2017  | 2016  | 2015  |
|--------------------------------------------|-------|-------|-------|
| Risk-free interest rate                    | 1.9%  | 1.2%  | 1.5%  |
| Expected volatility                        | 32.0% | 33.5% | 35.5% |
| Expected dividend yield                    | 2.3%  | 2.8%  | 1.4%  |
| Expected option life, in years             | 5     | 5     | 5     |

**Stock Option Activity**

The following table summarizes stock option activity during 2017:

| In thousands, except per share data | Number of Options | Weighted-Average Exercise Price |
|-------------------------------------|-------------------|---------------------------------|
| Outstanding at January 1            | 2,216             | \$ 112.00                       |
| Granted                             | 427               | 177.15                          |
| Exercised                           | (311)             | 108.80                          |
| Canceled or expired                 | (67)              | 160.68                          |
| Outstanding at December 31          | 2,265             | \$ 123.27                       |
| Exercisable at December 31          | 1,463             | \$ 102.01                       |

The total intrinsic value of stock options exercised was \$22 million, \$20 million, and \$48 million for 2017, 2016, and 2015, respectively. The related tax benefits were \$8 million, \$7 million and \$18 million for 2017, 2016, and 2015, respectively. Cash received from the exercise of stock options was \$34 million, \$26 million, and \$38 million for 2017, 2016, and 2015, respectively.

The table below summarizes additional information related to stock options outstanding at December 31, 2017:

| Options in thousands / dollars in millions, except share data | Outstanding Net of Expected Forfeitures | Options Exercisable |
|---------------------------------------------------------------|-----------------------------------------|---------------------|
| Number of options                                             | 2,163                                   | 1,463               |
| Weighted-average exercise price per share                     | \$ 123.19                               | \$ 102.01           |
| Aggregate intrinsic value                                     | \$ 112                                  | \$ 106              |
| Weighted-average remaining contractual term, in years         | 6                                       | 4                   |

**Stock Units**

Eligible employees may receive restricted stock units or performance stock units as a portion of their total compensation.

Restricted stock units are typically granted to selected management employees on an annual basis and vest over three years. Periodically, restricted stock units may be granted to selected executives based on special recognition or retention circumstances and generally vest from three years to seven years. Some previously granted awards accrue dividend equivalents on outstanding units (in the form of additional stock units) based on dividends declared on Whirlpool common stock. These awards convert to unrestricted common stock at the conclusion of the vesting period.

Performance stock units are granted to executives on an annual basis and generally vest over a three year period, converting to unrestricted common stock at the conclusion of the vesting period. The final award may equal 0% to 200% of a target based on pre-established Whirlpool financial performance measures.

We measure compensation cost for stock units based on the closing market price of Whirlpool common stock at the grant date, with adjustments for performance stock units to reflect the final award granted. The weighted average grant date fair values of awards granted during 2017, 2016, and 2015 were \$164.26, \$127.88 and \$155.37, respectively. The total fair value of stock units vested during 2017, 2016, and 2015 was \$29 million, \$33 million and \$41 million, respectively.

The following table summarizes stock unit activity during 2017:

| Stock units in thousands, except per-share data | Number of Stock Units | Weighted-Average Grant Date Fair Value |
|-------------------------------------------------|-----------------------|----------------------------------------|
| Non-vested, at January 1                        | 815                   | \$ 134.21                              |
| Granted                                         | 307                   | 164.26                                 |
| Canceled                                        | (57)                  | 158.94                                 |
| Vested and transferred to unrestricted          | (286)                 | 123.95                                 |
| Non-vested, at December 31                      | 779                   | \$ 155.17                              |

**Nonemployee Director Equity Awards**

In 2017, each nonemployee director received an annual grant of Whirlpool common stock, with the number of shares to be issued to the director determined by dividing \$130,000 by the closing price of Whirlpool common stock on the date of the annual meeting of our stockholders. Nonemployee directors receive a one-time grant of 1,000 shares of Whirlpool common stock made at the time they first join the Board.

**(11) RESTRUCTURING CHARGES**

We periodically take action to improve operating efficiencies, typically in connection with business acquisitions or changes in the economic environment. Our footprint and headcount reductions and organizational integration actions relate to discrete, unique restructuring events, primarily reflected in the following plans:

During 2014 and 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 Whirlpool China and Indesit, and (c) the closure of a research and development facility in Germany in 2016. All of these actions were substantially completed 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 \$215 million as of December 31, 2017) in employee-related costs, €25 million (approximately \$30 million as of December 31, 2017) in asset impairment costs and €37 million (approximately \$44 million as of December 31, 2017) in other associated costs in connection with these actions. We expect these actions will be complete in 2019. We estimate €209 million (approximately \$251 million as of December 31, 2017) of the estimated €241 million (approximately \$289 million as of December 31, 2017) total cost will result or has resulted in cash expenditures. As of December 31, 2017, €53 million (approximately \$64 million) remains to be expensed.

On January 24, 2017 the Company and certain of its subsidiary companies began consultations with certain works councils and other regulatory agencies in connection with the Company's proposal to restructure its EMEA dryer manufacturing operations. Company management authorized the initiation of such consultations on December 30, 2016. These actions are expected to result in changing the operations at the Company's Yate, U.K. facility to focus on manufacturing for U.K. consumer needs only; ending production in 2018 in Amiens, France; and concentrating the production of dryers for non-U.K. consumer needs in Lodz, Poland. The Company anticipates that approximately 500 positions would be impacted by these actions. The Company expects these actions to be substantially complete in 2018. The Company estimates that it will incur up to approximately €59 million (approximately \$71 million as of December 31, 2017) in employee-related costs, approximately €11 million (approximately \$13 million as of December 31, 2017) in asset impairment costs and approximately €10 million (approximately \$12 million as of December 31, 2017) in other associated costs in connection with these actions. The Company estimates that approximately €69 million (approximately \$83 million as of December 31, 2017) of the estimated €79 million (approximately \$95 million as of December 31, 2017) total cost will result or has resulted in cash expenditures. As of December 31, 2017, €27 million (approximately \$33 million) remains to be expensed.

In the fourth quarter of 2017, the Company announced an initiative to reduce fixed overhead costs by \$150 million, which will be implemented in 2018. This initiative primarily impacts our overhead costs, including salary headcount and third-party services. The Company is in the process of implementing certain restructuring actions pursuant to this initiative.

On January 10, 2018, we announced certain restructuring actions related to streamlining operations in our Embraco compressor business. These actions are expected to result in ceasing operations and ending production at Embraco's Riva Presso Chieri, Turin, Italy facility in 2018, and concentrating the assembly and manufacturing of compressors in Embraco's other manufacturing centers. The Company currently anticipates that approximately 500 positions are impacted by these actions. The Company expects these actions to be substantially complete in 2018. The Company estimates that it will incur up to approximately €43 million (approximately \$50 million as of December 31, 2017) in employee-related costs, approximately €20 million (approximately \$25 million as of December 31, 2017) in asset impairment costs and approximately €3 million (approximately \$5 million as of December 31, 2017) in other associated

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

costs in connection with these actions. The Company estimates that approximately €46 million (approximately \$55 million of December 31, 2017) of the estimated €66 million (approximately \$80 million as of December 31, 2017) total cost will result in future cash expenditures.

The following tables summarize the changes to our restructuring liability for the years ended December 31, 2017 and 2016:

| Millions of dollars        | 12/31/2016   | Charges to Earnings | Cash Paid       | Non-Cash and Other | Revision of Estimate | 12/31/2017    |
|----------------------------|--------------|---------------------|-----------------|--------------------|----------------------|---------------|
| Employee termination costs | \$ 71        | \$ 185              | \$ (125)        | \$ —               | \$ —                 | \$ 131        |
| Asset impairment costs     | —            | 40                  | —               | (40)               | —                    | —             |
| Facility exit costs        | 2            | 28                  | (28)            | —                  | —                    | 2             |
| Other exit costs           | 14           | 22                  | (19)            | 12                 | —                    | 29            |
| Total                      | <u>\$ 87</u> | <u>\$ 275</u>       | <u>\$ (172)</u> | <u>\$ (28)</u>     | <u>\$ —</u>          | <u>\$ 162</u> |

| Millions of dollars        | 12/31/2015   | Charge to Earnings | Cash Paid       | Non-cash and Other | Revision of Estimate | 12/31/2016   |
|----------------------------|--------------|--------------------|-----------------|--------------------|----------------------|--------------|
| Employee termination costs | \$ 30        | \$ 133             | \$ (90)         | \$ (2)             | \$ —                 | \$ 71        |
| Asset impairment costs     | —            | 17                 | (1)             | (16)               | —                    | —            |
| Facility exit costs        | 3            | 15                 | (16)            | —                  | —                    | 2            |
| Other exit costs           | 18           | 8                  | (12)            | —                  | —                    | 14           |
| Total                      | <u>\$ 51</u> | <u>\$ 173</u>      | <u>\$ (119)</u> | <u>\$ (18)</u>     | <u>\$ —</u>          | <u>\$ 87</u> |

The following table summarizes 2017 restructuring charges by operating segment:

| Millions of dollars | 2017 Charges  |
|---------------------|---------------|
| North America       | \$ 28         |
| EMEA                | 190           |
| Latin America       | 20            |
| Asia                | 16            |
| Corporate / Other   | 21            |
| Total               | <u>\$ 275</u> |

**(12) INCOME TAXES**

Income tax expense was \$550 million, \$186 million, and \$209 million in 2017, 2016 and 2015, respectively. 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                                  | 2017          | 2016          | 2015          |
|------------------------------------------------------|---------------|---------------|---------------|
| Earnings before income taxes                         |               |               |               |
| United States                                        | \$ 671        | \$ 605        | \$ 555        |
| Foreign                                              | 216           | 509           | 476           |
| Earnings before income taxes                         | <u>887</u>    | <u>1,114</u>  | <u>1,031</u>  |
| Income tax computed at United States statutory rate  | 310           | 390           | 361           |
| U.S. government tax incentives                       | (13)          | (9)           | (13)          |
| Foreign government tax incentives, including BEFIEEX | (29)          | (11)          | (19)          |
| Foreign tax rate differential                        | (14)          | (50)          | (36)          |
| U.S. foreign tax credits                             | 17            | (86)          | (103)         |
| Valuation allowances                                 | (68)          | (121)         | (95)          |
| State and local taxes, net of federal tax benefit    | 29            | 20            | 18            |
| Foreign withholding taxes                            | 41            | 36            | 16            |
| U.S. tax on foreign dividends and subpart F income   | 12            | 63            | 57            |
| Settlement of global tax audits                      | 48            | (40)          | 16            |
| U.S. Transition Tax                                  | 190           | —             | —             |
| Changes in enacted tax rates                         | 49            | 32            | —             |
| Other items, net                                     | (22)          | (38)          | 7             |
| Income tax computed at effective worldwide tax rates | <u>\$ 550</u> | <u>\$ 186</u> | <u>\$ 209</u> |

**Current and Deferred Tax Provision**

The following table summarizes our income tax (benefit) provision for 2017, 2016 and 2015:

| Millions of dollars      | 2017          |               | 2016          |                | 2015          |                |
|--------------------------|---------------|---------------|---------------|----------------|---------------|----------------|
|                          | Current       | Deferred      | Current       | Deferred       | Current       | Deferred       |
| United States            | \$ 138        | \$ 386        | \$ 34         | \$ 120         | \$ 98         | \$ 55          |
| Foreign                  | 213           | (233)         | 167           | (154)          | 181           | (143)          |
| State and local          | 12            | 34            | 7             | 12             | 10            | 8              |
|                          | <u>\$ 363</u> | <u>\$ 187</u> | <u>\$ 208</u> | <u>\$ (22)</u> | <u>\$ 289</u> | <u>\$ (80)</u> |
| Total income tax expense |               | <u>\$ 550</u> |               | <u>\$ 186</u>  |               | <u>\$ 209</u>  |

**United States Government Tax Legislation**

On December 22, 2017, H.R.1 (the "Tax Cuts and Jobs Act") was signed into law. Significant provisions impacting Whirlpool's 2017 effective tax rate include the reduction in corporate tax rate from 35% to 21% effective in 2018, and a one-time deemed repatriation ("Transition Tax") on earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign sourced earnings. At December 31, 2017, the Company had not completed its accounting for the tax effects of the enactment of the Tax Cuts and Jobs Act; however, in certain cases, as described below, the Company has made a reasonable estimate of the effects on its existing deferred tax balances and impact of the one-time Transition Tax. For the items for which the Company was able to determine a reasonable estimate, it recognized the following provisional impacts. The reduction in corporate tax rate resulted in a one - time tax expense in the amount of \$49 million related to the revaluation of our U.S. net deferred tax asset. The Transition Tax resulted in a one-time tax expense in the amount of \$190 million. The tax expense recognized represents the Company's best estimate of the impact of the Tax Cuts and Jobs Act. During 2018, the Company will continue to refine the calculations related to both provisional amounts as it gains a more thorough understanding of the tax law, and certain aspects of the Tax Cuts and Jobs Act are clarified by the taxing authorities.

On December 18, 2015, the Protecting Americans from Tax Hikes Act of 2015 (the "Act") was signed into law. The Act makes permanent certain provisions including the Research and Development Credit. The Act extends through 2019



certain provisions including Bonus Depreciation and exempts certain types of income payments between related controlled foreign corporations.

### **United States Tax on Foreign Dividends**

We have historically reinvested all unremitted earnings of the majority of our foreign subsidiaries and affiliates, and therefore have not recognized any U.S. deferred tax liability on those earnings. However, upon the enactment of the Tax Cuts and Jobs Act, the unremitted earnings of our foreign subsidiaries and affiliates are subject to U.S. tax under the Transition Tax provision. As a result, we recognized a one-time income tax expense in the amount of \$190 million. We had previously disclosed in prior periods our plans to distribute foreign earnings from certain foreign subsidiaries that were forecasted to result in tax benefits which were not recognized in the prior period because of their contingent nature. In Q4, we did distribute \$89 million of dividends to the U.S. from these foreign subsidiaries. However, as a result of the Tax Cuts and Jobs Act, the distribution did not generate a tax benefit. We are not planning to distribute additional cash related to these earnings. The Company had cash and cash equivalents of approximately \$1.2 billion at December 31, 2017, of which substantially all was held by subsidiaries in foreign countries. Our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate the cash to fund our U.S. operations. However, if these funds were repatriated, we would be required to accrue and pay applicable United States taxes (if any) and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with the repatriation of cash due to the complexity of its hypothetical calculation.

### **Valuation Allowances**

At December 31, 2017, we had net operating loss carryforwards of \$4.1 billion, \$842 million of which were U.S. state net operating loss carryforwards. Of the total net operating loss carryforwards, \$2.8 billion do not expire, with substantially all of the remaining carryforwards expiring in various years through 2037. As of December 31, 2017, we had \$927 million of United States general business credit carryforwards available to offset future payments of federal income taxes, expiring between 2018 and 2037.

We routinely review the future realization of deferred tax assets based on projected future reversal of taxable temporary differences, available tax planning strategies and projected future taxable income. We have recorded a valuation allowance to reflect the net estimated amount of certain deferred tax assets associated with net operating loss and other deferred tax assets we believe will be realized. Our recorded valuation allowance of \$178 million at December 31, 2017 consists of \$156 million of net operating loss carryforward deferred tax assets and \$22 million of other deferred tax assets. Our recorded valuation allowance was \$150 million at December 31, 2016 and consisted of \$128 million of net operating loss carryforward deferred tax assets and \$22 million of other deferred tax assets. The increase in our valuation allowance includes \$83 million of releases recognized in net earnings, offset by \$15 million of additional valuation allowances. The remaining change relates to reclassification within our net deferred tax asset. We believe that it is more likely than not that we will realize the benefit of existing deferred tax assets, net of valuation allowances mentioned above.

### **Settlement of Global Tax Audits**

We are in various stages of audits by certain governmental tax authorities. We establish liabilities for the difference between tax return provisions and the benefits recognized in our financial statements. Such amounts represent a reasonable provision for taxes ultimately expected to be paid, and may need to be adjusted over time as more information becomes known. We are no longer subject to any significant United States federal tax examinations for the years before 2009, or any state, local or foreign income tax examinations by tax authorities for years before 2004.

## Deferred Tax Liabilities and Assets

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes. The following table summarizes the significant components of our deferred tax liabilities and assets at December 31, 2017 and 2016:

| Millions of dollars                                                      | 2017            | 2016            |
|--------------------------------------------------------------------------|-----------------|-----------------|
| <b>Deferred tax liabilities</b>                                          |                 |                 |
| Intangibles                                                              | \$ 610          | \$ 765          |
| Property, net                                                            | 185             | 199             |
| LIFO inventory                                                           | 38              | 59              |
| Other                                                                    | 177             | 156             |
| Total deferred tax liabilities                                           | <u>1,010</u>    | <u>1,179</u>    |
| <b>Deferred tax assets</b>                                               |                 |                 |
| U.S. general business credit carryforwards, including Energy Tax Credits | 927             | 964             |
| Pensions                                                                 | 220             | 322             |
| Loss carryforwards                                                       | 880             | 668             |
| Postretirement obligations                                               | 109             | 144             |
| Foreign tax credit carryforwards                                         | —               | 310             |
| Research and development capitalization                                  | 129             | 273             |
| Employee payroll and benefits                                            | 56              | 111             |
| Accrued expenses                                                         | 170             | 106             |
| Product warranty accrual                                                 | 55              | 64              |
| Receivable and inventory allowances                                      | 56              | 59              |
| Other                                                                    | 521             | 344             |
| Total deferred tax assets                                                | <u>3,123</u>    | <u>3,365</u>    |
| Valuation allowances for deferred tax assets                             | <u>(178)</u>    | <u>(150)</u>    |
| Deferred tax assets, net of valuation allowances                         | <u>2,945</u>    | <u>3,215</u>    |
| Net deferred tax assets                                                  | <u>\$ 1,935</u> | <u>\$ 2,036</u> |

## Unrecognized Tax Benefits

The following table represents a reconciliation of the beginning and ending amount of unrecognized tax benefits that if recognized would impact the effective tax rate, excluding federal benefits of state and local tax positions, and interest and penalties:

| Millions of dollars                             | 2017          | 2016          | 2015          |
|-------------------------------------------------|---------------|---------------|---------------|
| Balance, January 1                              | \$ 102        | \$ 143        | \$ 141        |
| Additions for tax positions of the current year | 25            | 14            | 12            |
| Additions for tax positions of prior years      | 110           | 1             | 27            |
| Reductions for tax positions of prior years     | (1)           | (33)          | (25)          |
| Settlements during the period                   | (10)          | (20)          | (5)           |
| Positions assumed in acquisitions               | —             | —             | —             |
| Lapses of applicable statute of limitation      | (7)           | (3)           | (7)           |
| Balance, December 31                            | <u>\$ 219</u> | <u>\$ 102</u> | <u>\$ 143</u> |

Interest and penalties associated with unrecognized tax benefits resulted in a net benefit of \$8 million as of December 31, 2017, a net benefit of \$19 million in 2016, and a net expense of \$5 million in 2015. We have accrued a total of \$45 million, \$42 million and \$63 million at December 31, 2017, 2016 and 2015, respectively.

It is reasonably possible that certain unrecognized tax benefits of \$18 million could be settled with various related jurisdictions during the next 12 months.

## (13) SEGMENT INFORMATION

Our reportable segments are based upon geographic region and are defined as North America, EMEA, Latin America and Asia. These regions also represent our operating segments. Each segment manufactures home appliances and related components, but serves strategically different markets. The chief operating decision maker evaluates

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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.

We conduct business in three countries - the United States, Brazil, and China - which individually comprised at least 10% of consolidated net sales or long-lived assets within the country in the last three years. The following table summarizes net sales and long-lived assets by geographic area:

| Millions of dollars         | United States | Brazil   | China    | All Other Countries | Total     |
|-----------------------------|---------------|----------|----------|---------------------|-----------|
| <b>2017:</b>                |               |          |          |                     |           |
| Sales to external customers | \$ 10,378     | \$ 2,079 | \$ 824   | \$ 7,972            | \$ 21,253 |
| Long-lived assets           | 4,577         | 356      | 1,066    | 3,743               | 9,742     |
| <b>2016:</b>                |               |          |          |                     |           |
| Sales to external customers | \$ 9,901      | \$ 1,895 | \$ 945   | \$ 7,977            | \$ 20,718 |
| Long-lived assets           | 4,587         | 336      | 981      | 3,414               | 9,318     |
| <b>2015:</b>                |               |          |          |                     |           |
| Sales to external customers | \$ 9,189      | \$ 1,915 | \$ 1,003 | \$ 8,784            | \$ 20,891 |
| Long-lived assets           | 4,558         | 253      | 1,038    | 3,609               | 9,458     |

As described above, our chief operating decision maker reviews each operating segment's performance based upon operating income which excludes restructuring costs and intangible asset impairment, if any. Intangible asset impairment and restructuring costs are included in operating profit on a consolidated basis and included in the Other/Eliminations column in the table below:

|                               |      | OPERATING SEGMENTS |          |               |          |                        |                 |
|-------------------------------|------|--------------------|----------|---------------|----------|------------------------|-----------------|
|                               |      | North America      | EMEA     | Latin America | Asia     | Other/<br>Eliminations | Total Whirlpool |
| Millions of dollars           |      |                    |          |               |          |                        |                 |
| Net sales                     |      |                    |          |               |          |                        |                 |
|                               | 2017 | 11,663             | 4,881    | 3,420         | 1,467    | (178)                  | 21,253          |
|                               | 2016 | 11,147             | 5,148    | 3,191         | 1,424    | (192)                  | 20,718          |
|                               | 2015 | 10,732             | 5,601    | 3,349         | 1,417    | (208)                  | 20,891          |
| Intersegment sales            |      |                    |          |               |          |                        |                 |
|                               | 2017 | \$ 198             | \$ 118   | \$ 183        | \$ 289   | \$ (788)               | \$ —            |
|                               | 2016 | 162                | 67       | 196           | 276      | (701)                  | —               |
|                               | 2015 | 218                | 52       | 211           | 271      | (752)                  | —               |
| Depreciation and amortization |      |                    |          |               |          |                        |                 |
|                               | 2017 | \$ 253             | \$ 196   | \$ 84         | \$ 62    | \$ 59                  | \$ 654          |
|                               | 2016 | 261                | 204      | 72            | 63       | 55                     | 655             |
|                               | 2015 | 259                | 199      | 67            | 61       | 82                     | 668             |
| Operating profit (loss)       |      |                    |          |               |          |                        |                 |
|                               | 2017 | \$ 1,359           | \$ (2)   | \$ 244        | \$ (8)   | \$ (457)               | \$ 1,136        |
|                               | 2016 | 1,285              | 158      | 210           | 74       | (359)                  | 1,368           |
|                               | 2015 | 1,192              | 197      | 187           | 80       | (414)                  | 1,242           |
| Total assets                  |      |                    |          |               |          |                        |                 |
|                               | 2017 | \$ 8,275           | \$ 8,781 | \$ 2,865      | \$ 2,706 | \$ (2,589)             | \$ 20,038       |
|                               | 2016 | 8,009              | 7,497    | 2,601         | 2,788    | (1,742)                | 19,153          |
|                               | 2015 | 7,683              | 7,351    | 2,260         | 2,738    | (1,022)                | 19,010          |
| Capital expenditures          |      |                    |          |               |          |                        |                 |
|                               | 2017 | \$ 197             | \$ 218   | \$ 112        | \$ 106   | \$ 51                  | \$ 684          |
|                               | 2016 | 199                | 199      | 105           | 68       | 89                     | 660             |
|                               | 2015 | 243                | 220      | 106           | 47       | 73                     | 689             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Effective January 1, 2018, the Company realigned the composition of certain segments to align with its new leadership reporting structure. Beginning in the first quarter of 2018, the Company will report its Mexico business as a part of its Latin America segment, and will shift certain adjacent business from the North America segment to the Asia segment. In addition, the chief operating decision maker will evaluate performance based on each segment's earnings before interest and taxes (EBIT), which is defined as operating profit less interest and sundry (income) expense and certain other items that management believes are not indicative of future results. The determination of the Company's reportable segments was not affected by these changes and segment information disclosed prospectively will continue to be based on the same geographic regions that existed prior to this change.

### (14) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

| Millions of dollars, except per share data | Three months ended |          |          |          |          |          |          |          |
|--------------------------------------------|--------------------|----------|----------|----------|----------|----------|----------|----------|
|                                            | Dec. 31            |          | Sept. 30 |          | Jun. 30  |          | Mar. 31  |          |
|                                            | 2017               | 2016     | 2017     | 2016     | 2017     | 2016     | 2017     | 2016     |
| Net sales                                  | \$ 5,702           | \$ 5,656 | \$ 5,418 | \$ 5,248 | \$ 5,347 | \$ 5,198 | \$ 4,786 | \$ 4,616 |
| Cost of products sold                      | 4,717              | 4,696    | 4,503    | 4,308    | 4,471    | 4,229    | 3,960    | 3,793    |
| Gross Margin                               | 985                | 960      | 915      | 940      | 876      | 969      | 826      | 823      |
| Operating profit                           | 267                | 341      | 331      | 374      | 274      | 368      | 264      | 285      |
| Interest and sundry (income) expense       | 18                 | (10)     | 21       | 30       | 23       | 41       | 25       | 32       |
| Net earnings (loss)                        | (272)              | 186      | 272      | 244      | 179      | 342      | 158      | 156      |
| Net earnings available to Whirlpool        | (268)              | 180      | 276      | 238      | 189      | 320      | 153      | 150      |

#### Per share of common stock:<sup>(1)</sup>

|                      |           |         |         |         |         |         |         |         |
|----------------------|-----------|---------|---------|---------|---------|---------|---------|---------|
| Basic net earnings   | \$ (3.74) | \$ 2.40 | \$ 3.78 | \$ 3.14 | \$ 2.55 | \$ 4.20 | \$ 2.05 | \$ 1.94 |
| Diluted net earnings | (3.69)    | 2.36    | 3.72    | 3.10    | 2.52    | 4.15    | 2.01    | 1.92    |
| Dividends            | 1.10      | 1.00    | 1.10    | 1.00    | 1.10    | 1.00    | 1.00    | 0.90    |

#### Market price range of common stock:<sup>(2)</sup>

|                     |          |          |          |          |          |          |          |          |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| High <sup>(3)</sup> | \$190.73 | \$185.24 | \$200.61 | \$194.10 | \$202.99 | \$193.59 | \$192.00 | \$180.59 |
| Low <sup>(3)</sup>  | 158.80   | 145.91   | 167.03   | 159.55   | 164.81   | 152.19   | 168.14   | 123.60   |
| Close               | 168.64   | 181.77   | 184.44   | 162.16   | 191.62   | 166.64   | 171.33   | 180.34   |

<sup>(1)</sup> The quarterly earnings per share amounts will not necessarily add to the earnings per share computed for the year due to the method used in calculating per share data.

<sup>(2)</sup> Composite price as reported by the New York Stock Exchange.

<sup>(3)</sup> Reflects intraday price as reported by the New York Stock Exchange.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

**Disclosure controls and procedures.** Whirlpool maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in our filings under the Securities Exchange Act is recorded, processed, summarized, and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to Whirlpool's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Prior to filing this report, we completed an evaluation under the supervision and with the participation of Whirlpool management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2017. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2017.

**Management's annual report on internal control over financial reporting.** Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations adopted pursuant thereto, we included a report of management's assessment of the effectiveness of our internal control over financial reporting as part of this report. Management's report is included on page 91 of this report under the caption entitled "Management's Report on Internal Control Over Financial Reporting".

Our internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included on page 93 of this report under the caption entitled "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our executive officers is included in ITEM 1 of PART I of this report.

Information regarding the background of the directors, matters related to the Audit Committee, Section 16(a) compliance, and the process by which our shareholders may recommend nominees to our Board of Directors can be found under the captions "Directors and Nominees for Election as Directors," "Board of Directors and Corporate Governance - Board of Directors and Committees," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Board of Directors and Corporate Governance - Director Nominations by Stockholders" in our Proxy Statement, which is incorporated herein by reference.

We have adopted a code of ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer. The text of our code of ethics is posted on our website: [www.whirlpoolcorp.com](http://www.whirlpoolcorp.com) (scroll to the bottom of the main page and click on "Policies," then on "Code of Ethics.") Whirlpool intends to disclose future amendments to, or waivers from, certain provisions of the code of ethics for executive officers and directors on this website within four business days following the date of such amendment or waiver. Stockholders may request a free copy of the code of ethics from:

Investor Relations  
Whirlpool Corporation  
2000 North M-63  
Mail Drop 2609  
Benton Harbor, MI 49022-2692  
Telephone: (269) 923-2641

Whirlpool has also adopted Corporate Governance Guidelines and written charters for its Audit, Finance, Human Resources and Corporate Governance and Nominating Committees, all of which are posted on our website: [www.whirlpoolcorp.com](http://www.whirlpoolcorp.com) (scroll to the bottom of the main page and click on "Policies.") Stockholders may request a free copy of the charters and guidelines from the address or telephone number set forth above.

### ITEM 11. EXECUTIVE COMPENSATION

Information regarding compensation of our executive officers and directors can be found under the captions "Nonemployee Director Compensation," "Compensation Discussion and Analysis," "Executive Compensation Tables," "Pay Ratio Disclosure," and "Human Resources Committee Interlocks and Insider Participation" in the Proxy Statement, which is incorporated herein by reference. See also the information under the caption "Human Resources Committee Report" in our Proxy Statement, which is incorporated herein by reference; however, such information is only "furnished" hereunder and not deemed "soliciting material" or "filed" with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding the security ownership of any person that we know to beneficially own more than 5% of Whirlpool stock and by each Whirlpool director, each Whirlpool named executive officer, and all directors and executive officers as a group, can be found under the captions "Security Ownership" and "Beneficial Ownership" in the Proxy Statement, which is incorporated herein by reference. Information relating to securities authorized under equity compensation plans can be found under the caption "Equity Compensation Plan Information" in the Proxy Statement, which is incorporated herein by reference.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information regarding certain relationships and related transactions (if any) and the independence of Whirlpool's directors, can be found under the captions "Related Person Transactions" and "Board of Directors and Corporate Governance - Board of Directors and Committees" in the Proxy Statement, which is incorporated herein by reference.

### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information regarding our auditors and the Audit Committee's pre-approval policies can be found under the caption "Matters Relating to Independent Registered Public Accounting Firm" in the Proxy Statement, which is incorporated herein by reference.



## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

1. Financial statements

|                                                                     | PAGE |
|---------------------------------------------------------------------|------|
| Consolidated Statements of Income .....                             | 41   |
| Consolidated Statements of Comprehensive Income .....               | 42   |
| Consolidated Balance Sheets .....                                   | 43   |
| Consolidated Statements of Cash Flows .....                         | 44   |
| Consolidated Statements of Changes in Stockholders' Equity .....    | 45   |
| Notes to the Consolidated Financial Statements .....                | 46   |
| Report by Management on the Consolidated Financial Statements ..... | 90   |
| Report of Independent Registered Public Accounting Firm .....       | 92   |

2. Financial Statement Schedules - "Schedule II-Valuation and Qualifying Accounts" is contained on page 94 of this report. Certain schedules for which provisions are made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) The exhibits listed in the "Exhibit Index" is contained on page 84 of this report.

(c) Individual financial statements of the registrant's affiliated foreign companies, accounted for by the equity method, have been omitted since no such company individually constitutes a significant subsidiary.

### ITEM 16. Form 10-K Summary

None.

**ANNUAL REPORT ON FORM 10-K**  
**ITEMS 15(a)(3) and 15(c)**  
**EXHIBIT INDEX**  
**YEAR ENDED DECEMBER 31, 2017**

The following exhibits are submitted herewith or incorporated herein by reference in response to Items 15(a)(3) and 15(c). Each exhibit that is considered a management contract or compensatory plan or arrangement required to be filed pursuant to Item 15(a)(3) of Form 10-K is identified by a "(Z)."

**Number and Description of Exhibit**

- 3(i) Restated Certificate of Incorporation of Whirlpool Corporation (amended and restated as of April 22, 2009). [Incorporated by reference from Exhibit 3.1 to the Company's Form 8-K (Commission file number 1-3932) filed on April 23, 2009]
- 3(ii) By-Laws of Whirlpool Corporation (amended and restated effective October 18, 2016). [Incorporated by reference from Exhibit 3.2 to the Company's Form 8-K (Commission file number 1-3932) filed on October 21, 2016]
- 4(i) The registrant hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of instruments defining the rights of holders of each issue of long-term debt of the registrant and its subsidiaries.
- 4(ii) Indenture dated as of April 15, 1990 between Whirlpool Corporation and Citibank, N.A. [Incorporated by reference from Exhibit 4(a) to the Company's Registration Statement on Form S-3 (Commission file number 33-40249) filed on May 6, 1991]
- 4(iii) Indenture dated as of March 20, 2000 between Whirlpool Corporation and U.S. Bank, National Association (as successor to Citibank, N.A.) [Incorporated by reference from Exhibit 4(a) to the Company's Registration Statement on Form S-3 (Commission file number 333-32886) filed on March 21, 2000]
- 4(iv) Indenture dated as of June 15, 1987 between Maytag Corporation and The First National Bank of Chicago. [Incorporated by reference from Maytag Corporation's Quarterly Report on Form 10-Q (Commission file number 1-00655) for the quarter ended June 30, 1987]
- 4(v) Ninth Supplemental Indenture dated as of October 30, 2001 between Maytag Corporation and Bank One, National Association. [Incorporated by reference from Exhibit 4.1 to Maytag Corporation's Form 8-K (Commission file number 1-00655) filed on October 31, 2001]
- 4(vi) Tenth Supplemental Indenture dated as of December 30, 2010, between Maytag Corporation, Whirlpool Corporation and The Bank of New York Mellon Trust Company, N.A. [Incorporated by reference from Exhibit 4(vi) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2010]
- 4(vii) Indenture, dated November 2, 2016, among Whirlpool Finance Luxembourg S.à.r.l., Whirlpool Corporation and U.S. Bank National Association. [Incorporated by reference from Exhibit 4.1 to the Company's Form 8-K (Commission file number 1-3932) filed on November 2, 2016]
- 10(i)(a) Share Purchase Agreement dated July 10, 2014 among Whirlpool Corporation and Fineldo S.p.A., Franca Carloni, Andrea Merloni, Aristide Merloni, Maria Paola Merloni, and Antonella Merloni [Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]

- 10(i)(b) Share Purchase Agreement dated July 10, 2014 among Whirlpool Corporation and Fineldo S.p.A., Fines S.p.A., Franca Carloni, Andrea Merloni, Aristide Merloni, Maria Paola Merloni, Ester Merloni, Vittorio Merloni and Antonella Merloni [Incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(c) Share Purchase Agreement dated July 10, 2014 between Whirlpool Corporation and Claudia Merloni [Incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(d) Exclusivity Agreement dated July 10, 2014 among Whirlpool Corporation and Fineldo S.p.A., Fines S.p.A., Vittorio Merloni, Franca Carloni, Aristide Merloni, Andrea Merloni, Maria Paola Merloni, Antonella Merloni, and Ester Merloni [Incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(e) Amendment dated October 14, 2014 to Share Purchase Agreement dated July 10, 2014, among Whirlpool Italia Holdings S.r.l., Whirlpool Corporation and Fineldo S.p.A., Franca Carloni, Andrea Merloni, Aristide Merloni, Maria Paola Merloni, and Antonella Merloni [Incorporated by reference from Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(f) Third Amended and Restated Long-Term Five-Year Credit Agreement dated as of May 17, 2016 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, The Royal Bank of Scotland PLC, BNP Paribas and Citibank, N.A. as Syndication Agents, and J.P. Morgan Securities LLC, RBS Securities Inc., BNP Paribas Securities Corp., and Citigroup Global Markets Inc., as Joint Lead Arrangers and Joint Bookrunners [Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended June 30, 2016]
- 10(i)(g) Consent to Commitment Increase dated September 27, 2017 by and between Whirlpool Corporation and JPMorgan Chase Bank, N.A., as Administrative Agent, and form of consent by certain Financial Institutions [Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2017]
- 10(i)(h) Request for Extension dated September 8, 2017 by the Company and form of consent to Extension dated September 27, 2017 by certain Financial Institutions to JPMorgan Chase Bank, N.A., as Administrative Agent [Incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2017]
- 10(iii)(a) Whirlpool Corporation Nonemployee Director Stock Ownership Plan (amended as of February 16, 1999, effective April 20, 1999) (Z) [Incorporated by reference from Exhibit A to the Company's Proxy Statement (Commission file number 1-3932) for the 1999 annual meeting of stockholders]
- 10(iii)(b) Whirlpool Corporation Charitable Award Contribution and Additional Life Insurance Plan for Directors (effective April 20, 1993) (Z) [Incorporated by reference from Exhibit 10(iii)(p) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 1994]
- 10(iii)(c) Whirlpool Corporation Deferred Compensation Plan for Directors (as amended effective January 1, 1992 and April 20, 1993) (Z) [Incorporated by reference from Exhibit 10(iii)(f) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 1993]
- 10(iii)(d) Whirlpool Corporation Deferred Compensation Plan II for Non-Employee Directors (as amended and restated, effective January 1, 2009) (Z) [Incorporated by reference from Exhibit 10(iii)(e) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]

- 10(iii)(e) Whirlpool Corporation Nonemployee Director Equity Plan (effective January 1, 2005) (Z) [Incorporated by reference from Exhibit 99.1 to the Company's Form 8-K (Commission file number 1-3932) filed on April 21, 2005]
- 10(iii)(f) Amendment of the Whirlpool Corporation Nonemployee Director Equity Plan (effective January 1, 2008) (Z) [Incorporated by reference to Exhibit 10(iii)(a) to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) filed on April 24, 2008]
- 10(iii)(g) Nonemployee Director Stock Option Form of Agreement (Z) [Incorporated by reference from Exhibit 10(iii)(b) to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) filed on April 24, 2008]
- 10(iii)(h) Nonemployee Director Stock Option Form of Agreement (Z) [Incorporated by reference from Exhibit 10.2 to the Company's Form 8-K (Commission file number 1-3932) filed on April 26, 2010]
- 10(iii)(i) Whirlpool Corporation 2007 Omnibus Stock and Incentive Plan (effective January 1, 2007) (Z) [Incorporated by reference from Annex A to the Company's Proxy Statement (Commission file number 1-3932) for the 2007 annual meeting of stockholders filed on March 12, 2007]
- 10(iii)(j) Omnibus Equity Plans 409A Amendment (effective December 19, 2008) (Z) [Incorporated by reference from Exhibit 10(iii)(n) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]
- 10(iii)(k) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on April 26, 2010]
- 10(iii)(l) Whirlpool Corporation Amended and Restated 2010 Omnibus Stock and Incentive Plan (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Registration Statement on Form S-8 (Commission file number 333-187948) filed on April 16, 2013]
- 10(iii)(m) Form of Agreement for the Whirlpool Corporation Career Stock Grant Program (pursuant to one or more of Whirlpool's Omnibus Stock and Incentive Plans) (Z) [Incorporated by reference from Exhibit 10(iii)(q) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 1995]
- 10(iii)(n) Form of Amendment to Whirlpool Corporation Career Stock Grant Agreement (Z) [Incorporated by reference from Exhibit 10(iii)(p) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]
- 10(iii)(o) Form of Stock Option Grant Document for the Whirlpool Corporation Stock Option Program (pursuant to one or more of Whirlpool's Omnibus Stock and Incentive Plans)(Rev. 02/17/04) (Z) [Incorporated by reference from Exhibit 10(i) to the Company's Form 8-K (Commission file number 1-3932) filed on January 25, 2005]
- 10(iii)(p) Form of Restricted Stock Unit Agreement (pursuant to one or more of Whirlpool's Omnibus Stock and Incentive Plans) (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on June 21, 2010]
- 10(iii)(q) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Restricted Stock Unit Award (Z) [Incorporated by reference from Exhibit 10(iii)(a) to the Company's Form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2011]

- 10(iii)(r) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Strategic Excellence Program Performance Unit Award (Z) [Incorporated by reference from Exhibit 10(iii)(b) to the Company's Form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2011]
- 10(iii)(s) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Strategic Excellence Program Stock Option Grant (Z) [Incorporated by reference from Exhibit 10(iii)(c) to the Company's Form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2011]
- 10(iii)(t) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Strategic Excellence Program Restricted Stock Unit Award (Z) [Incorporated by reference from Exhibit 10(iii)(d) to the Company's Form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2011]
- 10(iii)(u) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Strategic Excellence Program Stock Option Grant Document (Z) [Incorporated by reference from Exhibit 10(iii)(a) to the Company's form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2012]
- 10(iii)(v) Whirlpool Corporation 2010 Omnibus Stock and Incentive Plan Strategic Excellence Program Performance Restricted Stock Unit / Performance Unit Grant Document (Z) [Incorporated by reference from Exhibit 10(iii)(b) to the Company's form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2012]
- 10(iii)(w) Form of Compensation and Benefits Assurance Agreements (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on August 23, 2010]
- 10(iii)(x) Whirlpool Corporation Executive Deferred Savings Plan (as amended effective January 1, 1992) (Z) [Incorporated by reference from Exhibit 10(iii)(n) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 1993]
- 10(iii)(y) Whirlpool Corporation Executive Deferred Savings Plan II (as amended and restated, effective January 1, 2009), including Supplement A, Whirlpool Executive Restoration Plan (as amended and restated, effective January 1, 2009) (Z) [Incorporated by reference from Exhibit 10(iii)(y) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]
- 10(iii)(z) Amendment to the Whirlpool Corporation Executive Deferred Savings Plan II (dated December 21, 2009) (Z) [Incorporated by reference from Exhibit 10(iii)(x) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2009]
- 10(iii)(aa) Whirlpool Retirement Benefits Restoration Plan (as amended and restated effective January 1, 2009) (Z) [Incorporated by reference from Exhibit 10(iii)(dd) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]
- 10(iii)(bb) Whirlpool Supplemental Executive Retirement Plan (as amended and restated, effective January 1, 2009) (Z) [Incorporated by reference from Exhibit 10(iii)(ee) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2008]
- 10(iii)(cc) Whirlpool Corporation Form of Indemnity Agreement (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on February 23, 2006]
- 10(iii)(dd) Whirlpool Corporation Performance Excellence Plan (Z) [Incorporated by reference from Exhibit 10(iii)(a) to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended March 31, 2014]
- 10(iii)(ee) Whirlpool Corporation 2014 Executive Performance Excellence Plan (Z) [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on April 17, 2014]

|             |                                                                                                                                                                                                                                                                                   |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10(iii)(ff) | Agreement dated May 1, 2012 by and between Whirlpool Corporation and Mr. João Carlos Costa Brega (Z) [Incorporated by reference from Exhibit 10(iii)(ii) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2015] |
| 10(iii)(gg) | Transition Agreement, dated June 22, 2016, between Whirlpool Corporation and Larry M. Venturelli. [Incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (Commission file number 1-3932) filed on June 24, 2016]                                                  |
| 12          | Ratio of Earnings to Fixed Charges                                                                                                                                                                                                                                                |
| 21          | List of Subsidiaries                                                                                                                                                                                                                                                              |
| 23          | Consent of Independent Registered Public Accounting Firm                                                                                                                                                                                                                          |
| 24          | Power of Attorney                                                                                                                                                                                                                                                                 |
| 31.1        | Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                               |
| 31.2        | Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                               |
| 32          | 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 Section 13 or 15(d) 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.

WHIRLPOOL CORPORATION  
(Registrant)

By: /s/ JAMES W. PETERS

February 13, 2018

James W. Peters  
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

| <b><u>Signature</u></b>                             | <b><u>Title</u></b>                                                                   |
|-----------------------------------------------------|---------------------------------------------------------------------------------------|
| <u>/s/ JEFF M. FETTIG</u><br>Jeff M. Fettig         | Director and Chairman of the Board                                                    |
| <u>/s/ MARC R. BITZER</u><br>Marc R. Bitzer         | Director, President and Chief Executive Officer<br>(Principal Executive Officer)      |
| <u>/s/ JAMES W. PETERS</u><br>James W. Peters       | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |
| <u>/s/ JOSEPH A. LOVECHIO</u><br>Joseph A. Lovechio | Vice President and Corporate Controller<br>(Principal Accounting Officer)             |
| <u>SAMUEL R. ALLEN*</u><br>Samuel R. Allen          | Director                                                                              |
| <u>GREG CREED*</u><br>Greg Creed                    | Director                                                                              |
| <u>GARY T. DICAMILLO*</u><br>Gary T. DiCamillo      | Director                                                                              |
| <u>DIANE M. DIETZ*</u><br>Diane M. Dietz            | Director                                                                              |
| <u>GERRI T. ELLIOTT*</u><br>Gerri T. Elliott        | Director                                                                              |
| <u>MICHAEL F. JOHNSTON*</u><br>Michael F. Johnston  | Director                                                                              |
| <u>JOHN D. LIU*</u><br>John D. Liu                  | Director                                                                              |
| <u>JAMES M. LOREE*</u><br>James M. Loree            | Director                                                                              |
| <u>HARISH MANWANI*</u><br>Harish Manwani            | Director                                                                              |
| <u>WILLIAM D. PEREZ*</u><br>William D. Perez        | Director                                                                              |
| <u>LARRY O. SPENCER*</u><br>Larry O. Spencer        | Director                                                                              |
| <u>MICHAEL D. WHITE*</u><br>Michael D. White        | Director                                                                              |

\*By: /s/ JAMES W. PETERS  
James W. Peters

Attorney-in-Fact

February 13, 2018



## REPORT BY MANAGEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Whirlpool Corporation has prepared the accompanying financial statements. The financial statements have been audited by Ernst & Young LLP, an independent registered public accounting firm, whose report, based upon their audits, expresses the opinion that these financial statements present fairly the consolidated financial position, statements of income and cash flows of Whirlpool and its subsidiaries in accordance with accounting principles generally accepted in the United States. Their audits are conducted in conformity with the auditing standards of the Public Company Accounting Oversight Board (United States).

The financial statements were prepared from the Company's accounting records, books and accounts which, in reasonable detail, accurately and fairly reflect all material transactions. The Company maintains a system of internal controls designed to provide reasonable assurance that the Company's books and records, and the Company's assets are maintained and accounted for, in accordance with management's authorizations. The Company's accounting records, compliance with policies and internal controls are regularly reviewed by an internal audit staff.

The audit committee of the Board of Directors of the Company is composed of six independent directors who, in the opinion of the board, meet the relevant financial experience, literacy, and expertise requirements. The audit committee provides independent and objective oversight of the Company's accounting functions and internal controls and monitors (1) the objectivity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent registered public accounting firm's qualifications and independence, and (4) the performance of the Company's internal audit function and independent registered public accounting firm. In performing these functions, the committee has the responsibility to review and discuss the annual audited financial statements and quarterly financial statements and related reports with management and the independent registered public accounting firm, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," to monitor the adequacy of financial disclosure. The committee also has the responsibility to retain and terminate the Company's independent registered public accounting firm and exercise the committee's sole authority to review and approve all audit engagement fees and terms and pre-approve the nature, extent, and cost of all non-audit services provided by the independent registered public accounting firm.

/s/ JAMES W. PETERS

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James W. Peters

Executive Vice President and Chief Financial Officer

February 13, 2018

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Whirlpool Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a – 15(f) and 15d – 15(f) under the Securities Exchange Act of 1934. Whirlpool's internal control system is designed to provide reasonable assurance to Whirlpool's management and board of directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of Whirlpool assessed the effectiveness of Whirlpool's internal control over financial reporting as of December 31, 2017. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 Framework). Based on the assessment and those criteria, management believes that Whirlpool maintained effective internal control over financial reporting as of December 31, 2017.

Whirlpool's independent registered public accounting firm has issued an audit report on its assessment of Whirlpool's internal control over financial reporting. This report appears on page 93.

/s/ MARC R. BITZER

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Marc R. Bitzer

President and Chief Executive Officer

February 13, 2018

/s/ JAMES W. PETERS

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James W. Peters

Executive Vice President and Chief Financial Officer

February 13, 2018

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of Whirlpool Corporation

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Whirlpool Corporation (the Company) as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the index at Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 13, 2018 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1927.

Chicago, Illinois  
February 13, 2018

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of Whirlpool Corporation

### **Opinion on Internal Control over Financial Reporting**

We have audited Whirlpool Corporation's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Whirlpool Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the index at Item 15(a) and our report dated February 13, 2018 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chicago, Illinois  
February 13, 2018

**SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS**  
**WHIRLPOOL CORPORATION AND SUBSIDIARIES**  
**Years Ended December 31, 2017, 2016 and 2015**  
**(Millions of dollars)**

| COL. A                                          | COL. B                         | COL. C                        |                    |                                   | COL. D         | COL. E                   |
|-------------------------------------------------|--------------------------------|-------------------------------|--------------------|-----------------------------------|----------------|--------------------------|
| Description                                     | Balance at Beginning of Period | ADDITIONS                     |                    |                                   | Deductions (1) | Balance at End of Period |
|                                                 |                                | Charged to Costs and Expenses | Acquisition Impact | Charged to Other Accounts / Other |                |                          |
| Allowance for doubtful accounts                 |                                |                               |                    |                                   |                |                          |
| Year Ended December 31, 2017:                   | \$ 185                         | 73                            | —                  | —                                 | (101)          | \$ 157                   |
| Year Ended December 31, 2016:                   | \$ 160                         | 57                            | —                  | —                                 | (32)           | \$ 185                   |
| Year Ended December 31, 2015:                   | \$ 154                         | 5                             | 24                 | —                                 | (23)           | \$ 160                   |
| Deferred tax valuation allowance <sup>(2)</sup> |                                |                               |                    |                                   |                |                          |
| Year Ended December 31, 2017:                   | \$ 150                         | (64)                          | —                  | —                                 | 92             | \$ 178                   |
| Year Ended December 31, 2016:                   | \$ 286                         | (121)                         | —                  | —                                 | (15)           | \$ 150                   |
| Year Ended December 31, 2015:                   | \$ 308                         | (95)                          | —                  | —                                 | 73             | \$ 286                   |

(1) - With respect to allowance for doubtful accounts, the amounts represent accounts charged off, net of translation adjustments and transfers. Recoveries were nominal for 2017, 2016 and 2015.

(2) - For additional information about our deferred tax valuation allowances, refer to Note 12 to the Consolidated Financial Statements.

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# EXHIBIT 12 - RATIO OF EARNINGS TO FIXED CHARGES

## WHIRLPOOL CORPORATION AND SUBSIDIARIES

|                                                        | Year Ended December 31, |                 |                 |                 |                 |
|--------------------------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                        | 2017                    | 2016            | 2015            | 2014            | 2013            |
| Earnings                                               |                         |                 |                 |                 |                 |
| Earnings before income taxes                           | \$ 887                  | \$ 1,114        | \$ 1,031        | \$ 881          | \$ 917          |
| Fixed charges                                          | 222                     | 220             | 225             | 222             | 231             |
|                                                        | <u>\$ 1,109</u>         | <u>\$ 1,334</u> | <u>\$ 1,256</u> | <u>\$ 1,103</u> | <u>\$ 1,148</u> |
| Fixed charges                                          |                         |                 |                 |                 |                 |
| Portion of rents representative of the interest factor | \$ 60                   | \$ 59           | \$ 60           | \$ 57           | \$ 54           |
| Interest on indebtedness                               | 157                     | 155             | 160             | 159             | 172             |
| Amortization of debt financing fees                    | 5                       | 6               | 5               | 6               | 5               |
|                                                        | <u>\$ 222</u>           | <u>\$ 220</u>   | <u>\$ 225</u>   | <u>\$ 222</u>   | <u>\$ 231</u>   |
| Ratio of earnings to fixed charges                     | <u>5.0</u>              | <u>6.1</u>      | <u>5.6</u>      | <u>5.0</u>      | <u>5.0</u>      |



**WHIRLPOOL CORPORATION**  
**List of Subsidiaries**

| <b>Subsidiary and Name Under Which It Does Business</b>              | <b>Jurisdiction in Which Organized</b> |
|----------------------------------------------------------------------|----------------------------------------|
| 1900 Holdings Corporation                                            | Delaware                               |
| Aer Adriatica S.p.A.                                                 | Italy                                  |
| Airdun Limited                                                       | UK                                     |
| B. Blend Máquinas e Bebidas S.A.                                     | Brazil                                 |
| BUD Comércio de Eletrodomésticos Ltda.                               | Brazil                                 |
| BWI Products Limited                                                 | England                                |
| Bauknecht AG                                                         | Switzerland                            |
| Bauknecht Hausgeräte GmbH                                            | Germany                                |
| Bauknecht Limited                                                    | England                                |
| Beijing Embraco Snowflake Compressor Company Limited                 | China                                  |
| Bill Page Orchestra, Inc.                                            | California                             |
| Brasmotor S.A.                                                       | Brazil                                 |
| Brunson Place Properties, LLC                                        | Michigan                               |
| CNB Consultoria Ltda                                                 | Brazil                                 |
| Cannon Industries Ltd.                                               | UK                                     |
| Centro de Desarrollo Tecnológico e Innovación WHM, S. de R.L de C.V. | Mexico                                 |
| Comercial Acros Whirlpool, S. de R.L. de C.V.                        | Mexico                                 |
| Consumer Appliances Service Limited                                  | Hong Kong                              |
| Ealing Compania de Gestiones y Participaciones S.A.                  | Uruguay                                |
| Elera Delaware, Inc.                                                 | Delaware                               |
| Elera Holdings Corporation                                           | Delaware                               |
| Embraco Europe S.r.l.                                                | Italy                                  |
| Embraco Luxembourg S.à r.l.                                          | Luxembourg                             |
| Embraco Mexico Servicios, S. de R.L. de C.V.                         | Mexico                                 |
| Embraco Mexico S. de R.L. de C.V.                                    | Mexico                                 |
| Embraco North America, Inc.                                          | Delaware                               |
| Embraco RUS LLC                                                      | Russia                                 |
| Embraco Slovakia S.r.o.                                              | Slovak Republic                        |
| Everest Campus, LLC.                                                 | Michigan                               |
| General Domestic Appliances Holdings Ltd                             | UK                                     |
| General Domestic Appliances International Ltd.                       | UK                                     |
| Guangdong Whirlpool Electrical Appliances Co., Ltd.                  | China                                  |
| Haceb Whirlpool Industrias S.A.S.                                    | Colombia                               |
| Hefei Whirlpool Enterprise Management Service Co. Ltd.               | China                                  |
| Hoover Comercial Limitada                                            | Brazil                                 |
| Indesit Argentina S.A.                                               | Argentina                              |
| Indesit Company Domestic Appliances Hellas Mepe                      | Greece                                 |
| Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.                    | Turkey                                 |
| Indesit Company Beyaz Esya Pazarlama A.S.                            | Turkey                                 |
| Indesit Company Ceská S.r.o.                                         | Czech Republic                         |
| Indesit Company International Business S.A.                          | Switzerland                            |
| Indesit Company Luxembourg S.A.                                      | Luxembourg                             |

| <b>Subsidiary and Name Under Which It Does Business</b>    | <b>Jurisdiction in Which Organized</b> |
|------------------------------------------------------------|----------------------------------------|
| Indesit Company Magyarország Kft                           | Hungary                                |
| Indesit Company Nordics AB                                 | Sweden                                 |
| Indesit Company Polska Sp. zo.o.                           | Poland                                 |
| Indesit Company Singapore Pte. Ltd.                        | Singapore                              |
| Indesit Company UK Holdings Ltd.                           | UK                                     |
| Indesit IP S.r.l.                                          | Italy                                  |
| Indesit Ireland Ltd.                                       | Ireland                                |
| Indesit Ukraine LLC                                        | Ukraine                                |
| IRE Beteiligungs GmbH                                      | Germany                                |
| Industrias Acros Whirlpool, S. de R.L. de C.V.             | Mexico                                 |
| Jackson Appliances Ltd.                                    | UK                                     |
| Joint-Stock Company Indesit International                  | Russia                                 |
| KitchenAid Australia, Pty Ltd                              | Australia                              |
| KitchenAid Delaware, Inc.                                  | Delaware                               |
| KitchenAid Europa, Inc.                                    | Delaware                               |
| KitchenAid, Inc.                                           | Ohio                                   |
| KitchenAid Global, Inc.                                    | Delaware                               |
| KitchenAid Promotions, LLC                                 | Michigan                               |
| KitchenAid Trading Co., Ltd.                               | China                                  |
| LAWSA S.A.                                                 | Argentina                              |
| MLOG Armazém Geral Ltda.                                   | Brazil                                 |
| Maytag Limited                                             | Ontario                                |
| Maytag Properties, LLC                                     | Michigan                               |
| Maytag Sales, Inc.                                         | Delaware                               |
| Maytag Worldwide N.V.                                      | Curaçao                                |
| Merloni Domestic Appliances Ltd.                           | UK                                     |
| Nineteen Hundred Corporation                               | New York                               |
| Qingdao EECON Electronic Controls and Appliances Co., Ltd. | China                                  |
| South American Sales Partnership                           | Florida                                |
| THC Assets Corporation                                     | Delaware                               |
| Up Points Serviços Empresariais S.A.                       | Brazil                                 |
| WCGP Nova Scotia Co.                                       | Nova Scotia                            |
| Whirlpool (Australia) Pty. Limited                         | Australia                              |
| Whirlpool (B.V.I.) Limited                                 | Virgin Islands (British)               |
| Whirlpool (China) Co., Ltd.                                | China                                  |
| Whirlpool (China) Investment Co., Ltd.                     | China                                  |
| Whirlpool (Hefei) Trading Co., Ltd                         | China                                  |
| Whirlpool (Hong Kong) Limited                              | Hong Kong                              |
| Whirlpool (Japan) Co., Ltd.                                | Japan                                  |
| Whirlpool (Thailand) Limited                               | Thailand                               |
| Whirlpool America Holdings Corp.                           | Delaware                               |
| Whirlpool Argentina S.r.l.                                 | Argentina                              |
| Whirlpool ASEAN Co.                                        | Delaware                               |
| Whirlpool Asia B.V.                                        | Netherlands (The)                      |
| Whirlpool Asia Holdings S.à r.l.                           | Luxembourg                             |
| Whirlpool Asia Inc.                                        | Delaware                               |

| <b>Subsidiary and Name Under Which It Does Business</b>          | <b>Jurisdiction in Which Organized</b> |
|------------------------------------------------------------------|----------------------------------------|
| Whirlpool Asia LLP                                               | India                                  |
| Whirlpool Belux N.V./S.A.                                        | Belgium                                |
| Whirlpool Bermuda Euro Ltd.                                      | Bermuda                                |
| Whirlpool Bulgaria Ltd.                                          | Bulgaria                               |
| Whirlpool CIS Ltd.                                               | Russia                                 |
| Whirlpool CR, spol. s.r.o.                                       | Czech Republic                         |
| Whirlpool Canada Co. (post 9/1/05 amalgamation company)          | Nova Scotia                            |
| Whirlpool Canada Holding Co. (post 4/18/06 amalgamation company) | Nova Scotia                            |
| Whirlpool Canada Investments S.à r.l.                            | Luxembourg                             |
| Whirlpool Canada LP                                              | Ontario                                |
| Whirlpool Canada Luxembourg Holdings S.à r.l.                    | Luxembourg                             |
| Whirlpool Chile Limitada                                         | Chile                                  |
| Whirlpool Colômbia S.A.S.                                        | Colombia                               |
| Whirlpool Comercial Ltda.                                        | Brazil                                 |
| Whirlpool Croatia Ltd.                                           | Croatia                                |
| Whirlpool CSA Holdings S.à r.l.                                  | Luxembourg                             |
| Whirlpool do Brasil Investements B.V.                            | Netherlands                            |
| Whirlpool do Brasil Ltda.                                        | Brazil                                 |
| Whirlpool Ecuador S.A.                                           | Ecuador                                |
| Whirlpool Eesti OU                                               | Estonia                                |
| Whirlpool El Salvador, S.A. de C.V.                              | El Salvador                            |
| Whirlpool Electrodomésticos S.A.                                 | Spain                                  |
| Whirlpool Eletrodomésticos AM S.A.                               | Brazil                                 |
| Whirlpool EMEA S.p.A.                                            | Italy                                  |
| Whirlpool Enterprises, LLC                                       | Delaware                               |
| Whirlpool Europe B.V.                                            | Netherlands (The)                      |
| Whirlpool Europe Coordination Center                             | Belgium                                |
| Whirlpool Europe Holdings Limited                                | Delaware                               |
| Whirlpool Finance B.V.                                           | Netherlands (The)                      |
| Whirlpool Finance Luxembourg S.à r.l.                            | Luxembourg                             |
| Whirlpool Finance Overseas Ltd.                                  | Bermuda                                |
| Whirlpool Financial Corporation                                  | Delaware                               |
| Whirlpool Financial Corporation International                    | Delaware                               |
| Whirlpool Floor Care Corp.                                       | Delaware                               |
| Whirlpool France SAS                                             | France                                 |
| Whirlpool France Holdings SAS                                    | France                                 |
| Whirlpool Germany GmbH                                           | Germany                                |
| Whirlpool Global B.V.                                            | Netherlands (The)                      |
| Whirlpool Global Investments B.V.                                | Netherlands (The)                      |
| Whirlpool Greater China Inc.                                     | Delaware                               |
| Whirlpool Guatemala, S.A.                                        | Guatemala                              |
| Whirlpool Hellas S.A.                                            | Greece                                 |
| Whirlpool Holdings Corporation                                   | Delaware                               |
| Whirlpool Home Appliances B.V.                                   | Netherlands (The)                      |
| Whirlpool Hungarian Trading Limited Liability Company            | Hungary                                |
| Whirlpool India Holdings Limited                                 | Delaware                               |

| <b>Subsidiary and Name Under Which It Does Business</b>  | <b>Jurisdiction in Which Organized</b> |
|----------------------------------------------------------|----------------------------------------|
| Whirlpool of India Limited                               | India                                  |
| Whirlpool Insurance Company, Ltd.                        | Bermuda                                |
| Whirlpool Internacional S. de R.L. de C.V.               | Mexico                                 |
| Whirlpool International GmbH                             | Switzerland                            |
| Whirlpool International Holdings S.à r.l.                | Luxembourg                             |
| Whirlpool International Manufacturing S.à r.l.           | Luxembourg                             |
| Whirlpool Ireland Limited                                | Ireland                                |
| Whirlpool Italia Holdings S.r.l.                         | Italy                                  |
| Whirlpool Italia S.r.l.                                  | Italy                                  |
| Whirlpool Japan Inc.                                     | Delaware                               |
| Whirlpool Kazakhstan LLP                                 | Kazakhstan                             |
| Whirlpool Latin America Corporation                      | Delaware                               |
| Whirlpool Latvia S.I.A.                                  | Latvia                                 |
| Whirlpool Lietuva UAB                                    | Lithuania                              |
| Whirlpool Ltd Belgrade                                   | Serbia                                 |
| Whirlpool Luxembourg Holdings S.à r.l.                   | Luxembourg                             |
| Whirlpool Luxembourg Investments S.à r.l.                | Luxembourg                             |
| Whirlpool Luxembourg S.à r.l.                            | Luxembourg                             |
| Whirlpool Luxembourg Ventures S.à r.l.                   | Luxembourg                             |
| Whirlpool Management Services S.a.g.l.                   | Switzerland                            |
| Whirlpool Maroc S. à r.l.                                | Morocco                                |
| Whirlpool Mauritius Limited                              | Mauritius                              |
| Whirlpool MEEA DMCC                                      | United Arab Emirates                   |
| Whirlpool Mexico, S. de R.L. de C.V.                     | Mexico                                 |
| Whirlpool Mexico Holdings LLC                            | Delaware                               |
| Whirlpool Mexico Ventures LLC                            | Delaware                               |
| Whirlpool Microwave Products Development Limited         | Hong Kong                              |
| Whirlpool NAAG Holdings Corporation                      | Delaware                               |
| Whirlpool NAR Holdings, LLC                              | Delaware                               |
| Whirlpool Nederland B.V.                                 | Netherlands (The)                      |
| Whirlpool Nordic A/S                                     | Denmark                                |
| Whirlpool Nordic AB                                      | Sweden                                 |
| Whirlpool Nordic AS                                      | Norway                                 |
| Whirlpool Nordic OY                                      | Finland                                |
| Whirlpool Oceania Inc.                                   | Delaware                               |
| Whirlpool Österreich GmbH                                | Austria                                |
| Whirlpool Overseas Holdings, LLC                         | Delaware                               |
| Whirlpool Overseas Hong Kong Limited                     | Hong Kong                              |
| Whirlpool Overseas Manufacturing S.ár.l.                 | Luxembourg                             |
| Whirlpool Peru S.R.L.                                    | Peru                                   |
| Whirlpool Polska Appliances Sp. z o.o.                   | Poland                                 |
| Whirlpool Polska Sp. z o.o.                              | Poland                                 |
| Whirlpool Portugal, S.A.                                 | Portugal                               |
| Whirlpool Product Development (Shenzhen) Company Limited | China                                  |
| Whirlpool Properties, Inc.                               | Michigan                               |
| Whirlpool Puntana S.A.                                   | Argentina                              |

| <b>Subsidiary and Name Under Which It Does Business</b> | <b>Jurisdiction in Which Organized</b> |
|---------------------------------------------------------|----------------------------------------|
| Whirlpool R&D S.r.l.                                    | Italy                                  |
| Whirlpool Realty Corporation                            | Delaware                               |
| Whirlpool Romania S.r.l.                                | Romania                                |
| Whirlpool RUS LLC                                       | Russia                                 |
| Whirlpool S.A.                                          | Brazil                                 |
| Whirlpool SSC Limited                                   | Ireland                                |
| Whirlpool Slovakia spol. s.r.o.                         | Slovak Republic                        |
| Whirlpool Slovakia Home Appliances spol. s.r.o.         | Slovak Republic                        |
| Whirlpool South Africa (Proprietary) Limited            | South Africa                           |
| Whirlpool Southeast Asia Pte                            | Singapore                              |
| Whirlpool Sweden Aktiebolag                             | Sweden                                 |
| Whirlpool Taiwan Co., Ltd.                              | Taiwan                                 |
| Whirlpool Technologies, LLC                             | Michigan                               |
| Whirlpool UK Appliances Limited                         | UK                                     |
| Whirlpool UK Pension Scheme Trustee Limited             | England                                |
| Whirlpool Ukraine LLC                                   | Ukraine                                |
| Whirlpool WW Holdings B.V.                              | Netherlands (The)                      |
| Xpelair Ltd.                                            | UK                                     |
| Yummly Canada Ltd.                                      | British Columbia                       |
| Yummly, Inc.                                            | Delaware                               |

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

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Registration Statements of Whirlpool Corporation

|           |            |            |
|-----------|------------|------------|
| 33-34037  |            | 333-150942 |
| 333-77167 | 333-125260 | 333-157392 |
|           | 333-128686 | 333-166484 |
|           | 333-143372 | 333-181339 |
|           |            | 333-187948 |
|           |            | 333-203704 |

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Registration Statement of Whirlpool Finance Luxembourg S.a.r.l

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333-203704-1

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Registration Statements of Whirlpool Corporation  
pertaining to the Whirlpool Savings Plan

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33-26680                      33-53196

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Registration Statements of Whirlpool Corporation  
pertaining to the Whirlpool 401(k) Retirement Plan

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333-66163                      333-138711                      333-179695

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Registration Statement of Whirlpool Corporation  
pertaining to the Maytag Corporation Salary Savings Plan, Maytag Corporation Deferred  
Compensation Plan and Maytag Corporation Deferred Compensation Plan II

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333-132875

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Registration Statements of Maytag Corporation  
pertaining to the Maytag Corporation Deferred Compensation and Salary Savings Plans

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333-102002                      333-101995                      333-121368

of our reports dated February 13, 2018, with respect to the consolidated financial statements and schedule of Whirlpool Corporation and the effectiveness of internal control over financial reporting of Whirlpool Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Chicago, Illinois  
February 13, 2018

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officer, or both, of WHIRLPOOL CORPORATION, a Delaware corporation (hereinafter called the "Corporation"), does hereby constitute and appoint MARC R. BITZER and JAMES W. PETERS, with full power to each of them to act alone, as the true and lawful attorneys and agents of the undersigned, with full power of substitution and resubstitution to each of said attorneys, to execute, file or deliver any and all instruments and to do all acts and things which said attorneys and agents, or any of them, deem advisable to enable the Corporation to comply with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing under said Securities Exchange Act of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, including specifically, but without limitation of the general authority hereby granted, the power and authority to sign his name as a director or officer, or both, of the Corporation, to the Annual Report on Form 10-K, or any amendment, post-effective amendment, or papers supplemental thereto to be filed in respect of said Annual Report on Form 10-K; and each of the undersigned does hereby fully ratify and confirm all that said attorneys and agents, or any of them, or the substitute of any of them, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has subscribed these presents, as of the 13th day of February, 2018.

| <b><u>Signature</u></b>                               | <b><u>Title</u></b>                                                                   |
|-------------------------------------------------------|---------------------------------------------------------------------------------------|
| <u>/s/ JEFF M. FETTIG</u><br>Jeff M. Fettig           | Director and Chairman of the Board                                                    |
| <u>/s/ MARC R. BITZER</u><br>Marc R. Bitzer           | Director, President and Chief Executive Officer<br>(Principal Executive Officer)      |
| <u>/s/ JAMES W. PETERS</u><br>James W. Peters         | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |
| <u>/s/ JOSEPH A. LOVECHIO</u><br>Joseph A. Lovechio   | Vice President and Corporate Controller<br>(Principal Accounting Officer)             |
| <u>/s/ SAMUEL R. ALLEN</u><br>Samuel R. Allen         | Director                                                                              |
| <u>/s/ GREG CREED</u><br>Greg Creed                   | Director                                                                              |
| <u>/s/ GARY T. DICAMILLO</u><br>Gary T. DiCamillo     | Director                                                                              |
| <u>/s/ DIANE M. DIETZ</u><br>Diane M. Dietz           | Director                                                                              |
| <u>/s/ GERRI T. ELLIOTT</u><br>Gerri T. Elliott       | Director                                                                              |
| <u>/s/ MICHAEL F. JOHNSTON</u><br>Michael F. Johnston | Director                                                                              |
| <u>/s/ JOHN D. LIU</u><br>John D. Liu                 | Director                                                                              |
| <u>/s/ JAMES M. LOREE</u><br>James M. Loree           | Director                                                                              |
| <u>/s/ HARISH MANWANI</u><br>Harish Manwani           | Director                                                                              |
| <u>/s/ WILLIAM D. PEREZ</u><br>William D. Perez       | Director                                                                              |
| <u>/s/ LARRY O. SPENCER</u><br>Larry O. Spencer       | Director                                                                              |
| <u>/s/ MICHAEL D. WHITE</u><br>Michael D. White       | Director                                                                              |

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc R. Bitzer, certify that:

1. I have reviewed this quarterly report on Form 10-K of Whirlpool Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2018

/s/ MARC R. BITZER

Name Marc R. Bitzer

Title: President and Chief Executive Officer



## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James W. Peters, certify that:

1. I have reviewed this quarterly report on Form 10-K of Whirlpool Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2018

/s/ JAMES W. PETERS

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Name James W. Peters

Title: Executive Vice President and Chief Financial Officer

Certifications Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Whirlpool Corporation ("Whirlpool") for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Marc R. Bitzer, as Chief Executive Officer of Whirlpool, and James W. Peters, as Chief Financial Officer of Whirlpool, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of Whirlpool.

/s/ MARC R. BITZER

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Name: Marc R. Bitzer  
Title: President and Chief Executive Officer  
Date: February 13, 2018

/s/ JAMES W. PETERS

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Name: James W. Peters  
Title: Executive Vice President and  
Chief Financial Officer  
Date: February 13, 2018

# Stockholder and Other Information

Whirlpool Corporation's Annual Report on Form 10-K, and other financial information, is available free of charge to stockholders.

The Financial Summary contained in this Annual Report should be read together with Whirlpool Corporation's Financial Statements and related notes, and "Management's Discussion and Analysis." This information appears in the company's 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is available on the company's website at [Investors.WhirlpoolCorp.com](http://Investors.WhirlpoolCorp.com).

The Annual Report on Form 10-K and company earnings releases for each quarter — typically issued in April, July, October and February — can be obtained by contacting:

Max Tunnick  
Senior Director, Investor Relations  
Whirlpool Corporation  
2000 N. M-63, Mail Drop 2609  
Benton Harbor, MI 49022-2692  
Telephone: 269-923-2641  
Fax: 269-923-3525  
Email: [investor\\_relations@whirlpool.com](mailto:investor_relations@whirlpool.com)

## Stock Exchanges

Common stock of Whirlpool Corporation (exchange symbol: WHR) is listed on the New York and Chicago stock exchanges.

## Trademarks

*Bauknecht, Brastemp, Consul*, Design of the stand mixer, *Hotpoint\**, *Indesit, KitchenAid, Maytag, Whirlpool*, and *Yummly* are trademarks of Whirlpool Corporation or its wholly or majority-owned affiliates.

# Board of Directors

## Samuel R. Allen<sup>† (3,4)</sup>

Chairman and Chief Executive Officer,  
Deere & Company

## Marc R. Bitzer

President and Chief Executive Officer,  
Whirlpool Corporation

## Greg Creed<sup>(2,4)</sup>

Chief Executive Officer, Yum! Brands, Inc.

## Gary T. DiCamillo<sup>(1,2)</sup>

President and Chief Executive Officer,  
Universal Trailer Corporation

## Diane M. Dietz<sup>(3,4)</sup>

President and Chief Executive Officer,  
Rodan & Fields, LLC

## Gerri T. Elliott<sup>(1,2)</sup>

Former Executive Vice President & Strategic  
Advisor, Juniper Networks, Inc.

## Jeff M. Fettig

Chairman of the Board and Former  
Chief Executive Officer, Whirlpool Corporation

## Michael F. Johnston<sup>(1,4)</sup>

Former Chairman of the Board and  
Chief Executive Officer, Visteon Corporation

## James M. Loree<sup>(1,3)</sup>

President and Chief Executive Officer,  
Stanley Black & Decker, Inc.

## John D. Liu<sup>(1,2)</sup>

Managing Partner, Richmond Hill  
Investments, and Chief Executive Officer,  
Essex Equity Management

## Harish Manwani<sup>(3,4)</sup>

Global Executive Advisor,  
Blackstone Private Equity

## William D. Perez<sup>(2,4)</sup>

Former President and Chief Executive Officer,  
WM. Wrigley Jr. Company

## Larry O. Spencer<sup>(2,3)</sup>

President, Air Force Association

## Michael D. White<sup>(1,3)</sup>

Former Chairman, President and  
Chief Executive Officer, DIRECTV

(1) Audit Committee

(2) Finance Committee

(3) Corporate Governance and Nominating Committee

(4) Human Resources Committee

† Presiding Director

# Executive Committee

## Marc R. Bitzer

President and Chief Executive Officer

## Esther Berrozpe Galindo

Executive Vice President and President,  
Whirlpool Europe, Middle East and Africa

## David A. Binkley

Senior Vice President,  
Global Human Resources

## João C. Brega

Executive Vice President and President,  
Whirlpool Latin America

## Kirsten J. Hewitt

Senior Vice President, Corporate Affairs  
and General Counsel

## Joseph T. Liotine

Executive Vice President and President,  
Whirlpool North America

## James W. Peters

Executive Vice President and  
Chief Financial Officer

## Shengpo (Samuel) Wu

President, Whirlpool Asia

## Footnotes

(a) Pages 2, 8, Based on most recently available publicly reported annual revenues.

(b) Pages 2, 5, Based on AHAM, Traqline and Internal Research for the full-year 2016.

(c) Pages 2, 14, 17, Amazon, Boys and Girls Clubs of America, Google, Habitat for Humanity International, Honeywell, IBM, Instituto Consulado da Mulher, International Red Cross, United Way and certain other trademarks are owned by their respective companies.

(d) Page 3, See page 18 of this Annual Report for reconciliation.

(e) Page 3, See Form 10-K for reconciliation.

(f) Page 5, Bauknecht, Brastemp, Consul, Design of the stand mixer, Hotpoint\*, Indesit, KitchenAid, Maytag, Whirlpool, and Yummly are trademarks of Whirlpool Corporation or its wholly or majority-owned affiliates.

\* Page 5 and Back Cover, Whirlpool Corporation ownership of the Hotpoint brand in EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.

(g) Page 11, Appliance must be set to remote enable. WiFi & App required. Features subject to change. For details and privacy statement, visit [whirlpool.com/connect](http://whirlpool.com/connect).



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Please visit our online Annual Report at [WhirlpoolCorp.com/2017Annual](http://WhirlpoolCorp.com/2017Annual)