



**WORLD HEADQUARTERS • 2000 NORTH M63 • BENTON HARBOR, MI 49022**

September 28<sup>th</sup>, 2018

Dear Trade Customer,

Whirlpool Corporation is instituting a price increase effective December 27<sup>th</sup>, 2018, impacting kitchen products across Whirlpool Corporation's family of brands. While price changes vary by model, the weighted average increase is 7.2%. Manufacturer's Suggested Retail Prices (MSRP) and Minimum Advertised Prices (MAP) (for cooperative advertising purposes) will increase by comparable amounts.

Major component, raw material costs and labor costs have increased significantly in the last 12 months. While Whirlpool continues to identify and implement productivity initiatives and cost controls, these actions alone are not enough to offset rising costs. Whirlpool is therefore instituting a price increase in order to continue funding investments to deliver innovative, energy efficient, and high quality products to consumers.

Consistent with our promise, Whirlpool Corporation products and brands will continue to offer compelling value to your customers. To reflect that value, we have developed new suggested merchandising plans, which incorporate the increased MAPs (for cooperative advertising purposes) and MSRPs. If you choose to sell at MSRP, we believe consumers will enjoy feature rich appliances at a great lifetime value while you will also have the opportunity to increase your profits and invest in your business. Of course, you remain free to sell and advertise at whatever prices you choose.

New price sheets will be available at 5pm ET on September 28<sup>th</sup>, 2018, on the Trade Customer website [Web World](#) or from your Whirlpool account representative. Price increases, including corresponding increases of MSRP and MAP, will be effective December 27<sup>th</sup>, 2018. Orders that do not ship on or before December 26<sup>th</sup>, 2018 will be re-priced at the new levels unless cancelled by the Trade Customer, regardless of the reason.

Our top priority remains delivering the most compelling and innovative products and services to your customers, and providing unparalleled sales support to you, our trade customer. I appreciate your business and continued support.

Kind Regards,

A handwritten signature in black ink, appearing to read "David Cichocki".

David Cichocki  
Vice President, Sales  
Whirlpool North American Region



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Sept 28, 2018

Dear Trade Customer,

JennAir is instituting a price increase effective Dec 27th, 2018. The increase will impact kitchen products across JennAir branded products. While price changes vary by model, the weighted average increase is 4.4%. The Unilaterally Established Minimum Retail Price (for JennAir's UMRP Policy) will increase by comparable amounts.

Major component, raw material costs and labor costs have increased significantly in the last 12 months. While JennAir continues to identify and implement productivity initiatives and cost controls, these actions alone are not enough to offset rising costs. JennAir is therefore instituting a price increase to continue funding investments to deliver innovative and high quality products to consumers.

Consistent with our promise, JennAir products and brands will continue to offer compelling value to your customers. If you choose to sell at UMRP, we believe consumers will enjoy feature rich, innovative appliances at a great lifetime value while you will also have the opportunity to increase your profits and invest in your business. Consistent with our UMRP Policy, each dealer remains free to establish its own independent resale prices for JennAir products and services.

New price sheets will be available 5pm on Sept 28th, on the Trade Customer website Web World or from your JennAir account representative. Price increases, including corresponding increases of UMRP, will be effective Thursday, Dec 27th, 2018. Orders that do not ship on or before December 26th, 2018 will be re-priced at the new levels unless cancelled by the Trade Customer, regardless of the reason.

Our top priority remains delivering the most compelling and innovative products and services to your customers, and providing unparalleled sales support to you, our trade customer

Kind Regards,

A handwritten signature in blue ink, appearing to read "Trey Northrup".

Trey Northrup, VP JennAir

# US SALES ANNOUNCEMENT

**Kitchen Price Increase**

**Effective December 27, 2018**

# WHIRLPOOL ANNOUNCES KITCHEN PRICE INCREASE



## Scope

**Cooking**  
Ranges  
MHC  
Built-in Ovens & Cooktops  
Commercial Ranges  
Hoods  
Specialty Cooking

**Refrigeration**  
Top Mount  
Side by Side  
French Door / Two Door Bottom Mount  
Built-in Refrigerators  
Column Refrigerators  
Specialty & Undercounter  
Freezers

**Cleaning**  
Plastic Tub Dishwashers  
Stainless Steel Tub Dishwashers  
Specialty

Weighted Average Increase: 7.2%

## Changes

- Price sheets across Whirlpool Corporation's family of brands.
- Manufacturer's Suggested Retail Prices (MSRP), Minimum Advertised Price (MAP) (for cooperative advertising purposes), and Unilateral Established Minimal Retail Price (UMRP) will increase by comparable amounts.

## Effective Date

All shipments that occur on or after December 27th, 2018 will be subject to new pricing

## Rationale

- Components, raw materials and labor costs have increased significantly in the last 12 months.
- While Whirlpool continues to identify and implement productivity initiatives and cost controls, these actions alone are not enough to offset rising costs.
- Whirlpool's price increase is positive for consumers, as Whirlpool is able to continue to invest in innovation while consumers are able to benefit from feature rich appliances at a great lifetime value.
- If Retailers/Distributors choose to sell at the new MSRPs and UMRPs, the additional profits driven by this price increase could enable them to invest to evolve their business model to meet the needs of their consumers in a rapidly changing retail environment.

MSRP is manufacturer's Suggested Retail Price. MAP is Minimum Advertised Price for co-operative advertising purposes. UMRP is a unilaterally established minimum retail price for products provided to the trade customer. Dealer alone determines actual advertised and retail prices.

## Macroeconomic Factors Influencing Input Costs

### Trucking Capacity and Driver Shortages

BUSINESS | ENERGY REPORT | WALL STREET JOURNAL

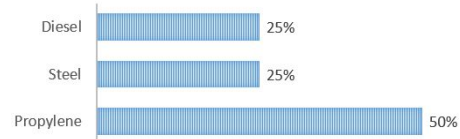
#### Trucking's Tight Capacity Squeezes U.S. Businesses

More companies are pointing to rising freight costs as a drag on sales and growth, as trucking companies and one says finding trucks is getting 'tough'.

#### Truck Driver Salaries Rising on Surging Freight Demand

Report says wages rose up to 18% in past four years and benefits are also on the upswing, adding to tighter market.

### Commodity Costs Continue to Rise Significantly



Aug '17 - Aug '18 % Market Cost

### Labor Cost Inflation

U.S. labor costs increase solidly in the fourth quarter.



Sources: Bloomberg, NY Times, Financial Times, Wall Street Journal

# CONSUMERS BENEFIT FROM A CONTINUED PIPELINE OF INNOVATIVE & HIGH QUALITY PRODUCTS



JENNAIR®



KitchenAid®



MAYTAG



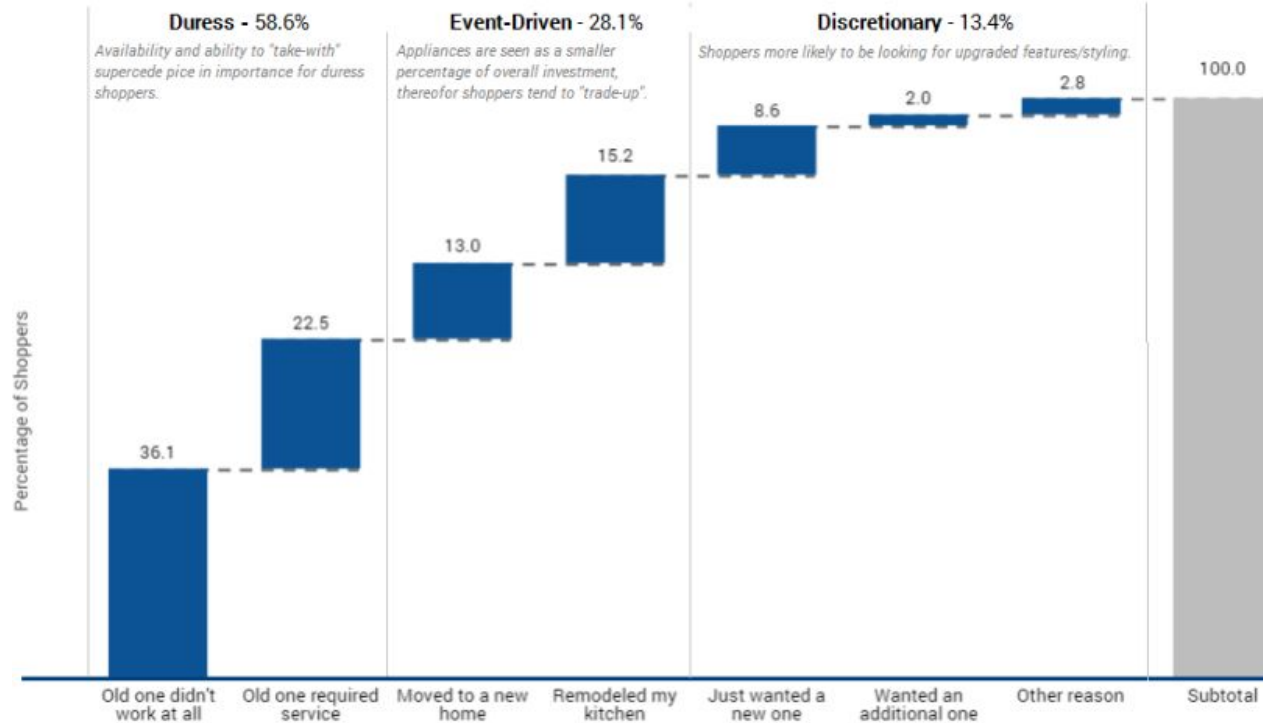
Whirlpool®



AMANA®



## 2018 Kitchen Appliance Retail Purchase Drivers



# TRADE MARGIN OPPORTUNITY INCREASES AS MSRP INCREASES



Example:  
**WFE550S0HZ**



Illustrative Scenario:  
**Potential Trade Margin Opportunity for a Truckload**

	<u>2018</u>	<u>2019</u>
MSRP	\$999	\$1,049
MAP	\$949	\$999
Price	\$721	\$759
Margin % Opportunity (to MAP)	24%	24%
Margin \$ Opportunity (to MAP)	\$228	\$240
Units in a Truckload*	126	126
<b>Truckload Margin Opportunity*</b>	<b>\$28,728</b>	<b>\$30,240</b>

**+\$1,512  
opportunity  
per truckload**



## Potential Areas of Investment to Prepare for Evolving Retail Landscape

- 1. Enhance consumer delivery experience**
  - Invest in store back stock / take with units
  - Strengthen warehouse infrastructure to offer next day delivery for extended assortment
- 2. Significantly improve online platform**
- 3. Invest in in-store experience and sales associate training**
- 4. Strengthen online advertising, paid search and social media investments**

Investment



## Maintaining Healthy Mix

**Plan to sell recommendations and flooring selection should focus on model selection versus price point.**

- Trade margin opportunity moves as volume follows the model
- Trade margin opportunity increases as you mix up

**To capture full margin opportunity, we recommend trade customers:**

- Shift advertised and retail price-points to the new MAP, MSRP, and UMRPs.
- Continue to qualify and sell consumers based on the features that meet their needs (rather than selling to the previous price point)

**Of course, each trade customer must make its own independent pricing and advertising decisions**



**September 28<sup>th</sup>, 2018**

**Price Sheets, MAPs, MSRPs, UMRPs published in Whirlpool Web World ([secure5.whirlpool.com/](https://secure5.whirlpool.com/)) and Whirlpool Portal ([www.WhirlpoolPortal.com](http://www.WhirlpoolPortal.com))**

**December 26<sup>th</sup>, 2018**

**Last date for shipments at current pricing**

**December 27<sup>th</sup>, 2018**

**First date for shipments with new pricing**

