

WHIRLPOOL CORP /DE/

FORM 10-K (Annual Report)

Filed 02/26/15 for the Period Ending 12/31/14

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Telephone	2699235000
CIK	0000106640
Symbol	WHR
SIC Code	3630 - Household Appliances
Industry	Appliance & Tool
Sector	Consumer Cyclical
Fiscal Year	12/31

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, 2014

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)

38-1490038
(I.R.S. Employer Identification No.)

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

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

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. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting 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

Yes
No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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, 2014 (the last business day of the registrant's most recently completed second fiscal quarter) was \$10,578,183,570 .

On February 20, 2015 , the registrant had 78,102,669 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 2015 annual meeting of stockholders (the "Proxy Statement")	Part III

WHIRLPOOL CORPORATION
ANNUAL REPORT ON FORM 10-K
For the fiscal year ended December 31, 2014

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PART I

ITEM 1. BUSINESS

Whirlpool Corporation, the world's leading global manufacturer and marketer of major home appliances, 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 14 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* and *Indesit*. Whirlpool's reportable segments consist of North America, Latin America, EMEA (Europe, Middle East and Africa) and Asia. As of December 31, 2014, Whirlpool had approximately 100,000 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.

Products and Regions

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 portable household appliances. We also produce hermetic compressors for refrigeration systems.

The following table provides the percentage of net sales for each class of products which accounted for 10% or more of our consolidated net sales over the last three years:

	2014	2013	2012
Laundry Appliances	27%	29%	30%
Refrigerators and Freezers	28%	29%	30%
Cooking Appliances	18%	18%	17%
Other	27%	24%	23%
Net Sales	100%	100%	100%

In North America, Whirlpool markets and distributes major home appliances and portable appliances under a variety of brand names. In the United States, we market and distribute products primarily under the *Whirlpool*, *Maytag*, *KitchenAid*, *Jenn-Air*, *Amana*, *Roper*, *Admiral*, *Affresh* and *Gladiator* brand names primarily to retailers, distributors and builders. In Canada, we market and distribute major home appliances primarily under the *Inglis*, *Admiral*, *Whirlpool*, *Maytag*, *Jenn-Air*, *Amana*, *Roper*, *Estate* and *KitchenAid* brand names. In Mexico, we market and distribute major home appliances primarily under the *Whirlpool*, *Maytag*, *Acros*, *KitchenAid* and *Supermatic* brand names. We sell some products to other manufacturers, distributors, and retailers for resale in North America under those manufacturers' and retailers' respective brand names.

In Latin America, we market and distribute our major and small home appliances primarily under the *Consul*, *Brastemp*, *Whirlpool* and *KitchenAid* brand names. We manage sales and distribution through our local entities in Brazil, Argentina, Chile, Peru, Ecuador, Colombia and Guatemala. We also serve the countries of Bolivia, Paraguay, Uruguay, Venezuela, the Caribbean and Central America countries, where we manage appliances sales and distribution through our accredited distributors.

In EMEA, we market and distribute our major home appliances primarily under the *Whirlpool*, *Bauknecht*, *Ignis*, *Maytag*, *Laden*, *Indesit*, *Hotpoint* (Whirlpool ownership of the *Hotpoint* brand in EMEA and Asia Pacific regions is not affiliated with the *Hotpoint* brand sold in the Americas), *Hotpoint-Ariston* and *Privileg* brand names, and major and portable appliances under the *KitchenAid* brand name. In addition to our operations in Western and Eastern Europe, Turkey and Russia, we have sales subsidiaries in Morocco and Dubai. We market and distribute a full line of products under the *Whirlpool*, *KIC* and *Ignis* brand names in South Africa. Our European operations also market and distribute products under the *Whirlpool*, *Bauknecht* and *Ignis* brand names to distributors and dealers in Africa and the Middle East. With the acquisition of Indesit Company S.p.A. ("Indesit"), we expect efficiencies in R&D, capital spending and value chain costs, as well as operational scale with increased volume and the ability to more effectively integrate our product platforms across a larger European market position.

In Asia, we have organized the marketing and distribution of our major home appliances into five operating groups: (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. We market and distribute our products in Asia primarily under the *Whirlpool*, *Maytag*, *KitchenAid*, *Amana*, *Bauknecht*, *Jenn-Air*, and *Diqua* 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. With the acquisition of Hefei Rongshida Sanyo Electric Co., Ltd., or Hefei Sanyo, which we have since renamed Whirlpool China Co., Ltd., our operations in China now have expanded distribution to over 30,000 distribution points and significant capacity in a complementary low cost manufacturing base.

Competition

Competition in the major home appliance industry is intense, including competitors such as Arcelik, Bosch Siemens, Electrolux, General Electric, Panasonic, Haier, Kenmore, LG, Mabe and Samsung, many of which are increasingly expanding beyond their existing manufacturing footprint. Moreover, our customer base includes large, sophisticated trade customers who have many choices and demand competitive products, services and prices. Competition in our business is based upon a wide variety of factors, including selling price, product features and design, performance, innovation, energy efficiency, quality, cost, distribution and financial incentives. These financial incentives include cooperative advertising, co-marketing funds, salesperson incentives, volume rebates and terms. 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 offerings, continuing to expand our regional footprint, expanding 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 unanticipated costs may be incurred in transitioning to a new supplier if a prior single supplier relationship were abruptly interrupted or terminated. Supply constraints due to environmental impacts such as hurricanes and floods have required the qualification and use of alternate materials, some of which were at premium costs. We believe such raw materials and components will be available in adequate quantities to meet forecasted production schedules.

Trademarks, Licenses and Patents

We consider the trademarks, licenses and patents we own, 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 Latin America are *Consul*, *Brastemp*, *Whirlpool* and *KitchenAid*. The most important trademarks to EMEA are *Whirlpool*, *KitchenAid*, *Bauknecht*, *Indesit*, *Hotpoint* (Whirlpool ownership of the *Hotpoint* brand in EMEA and Asia Pacific regions is not affiliated with the *Hotpoint* brand sold in the Americas), *Hotpoint-Ariston* and *Ignis*. The most important trademarks to Asia are *Whirlpool*, *Royalstar* and *Diqua*. We receive royalties from licensing our trademarks to third parties to sell and service certain products bearing the *Whirlpool*, *Maytag*, *KitchenAid*, and *Amana* 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.

Research and Development

Expenditures for research and development relating to new and innovative products and the improvement of existing products were approximately \$563 million, \$582 million and \$553 million in 2014, 2013 and 2012, respectively.

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 has not had a material effect on capital expenditures, earnings, or our competitive position during 2014 and are not expected to be material in 2015 .

The entire major home appliance industry, including Whirlpool, must contend with the adoption of stricter governmental energy and environmental standards. These standards were phased-in over the past several years and include the general phase-out of ozone-depleting chemicals used in refrigeration, energy standards rulemakings 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.

State and federal environmental protection agencies have notified us of our possible involvement in a number of “Superfund” sites in the United States. 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 upon our earnings, financial condition, or competitive position 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 “Risks Relating to Our Business” under Item 1A.

For certain other financial information concerning our business segments and foreign and domestic operations, see Note 14 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.

Hefei Sanyo Acquisition

On August 12, 2013 , Whirlpool's wholly-owned subsidiary, Whirlpool (China) Investment Co., Ltd., (“Whirlpool China”), reached agreements to acquire a 51% equity stake in a leading home appliances manufacturer, Hefei Sanyo , a joint stock company whose shares are listed and traded on the Shanghai Stock Exchange. This transaction was completed on October 24, 2014 . Hefei Sanyo has been renamed to "Whirlpool China Co., Ltd." With this acquisition, Whirlpool adds an established and broad distribution network within the Chinese appliance market and reinforces our commitment to growth in this region. Whirlpool will gain manufacturing scale and a competitive cost structure in the city of Hefei and we believe we will realize strong synergies through our extensive technical, marketing and product development in combination with Hefei Sanyo ’s sales execution and operational strengths.

The aggregate purchase price was RMB 3.4 billion (approximately \$551 million at the dates of purchase). The Company funded the total consideration for the shares with cash on hand. The cash paid for the private placement portion of the transaction is considered restricted cash, which will be used to fund capital and technical resources to enhance Hefei Sanyo’s research and development and working capital. Further discussion of this transaction can be found in Note 2 of the Notes to the Consolidated Financial Statements.

Indesit Acquisition

On December 3, 2014 , Whirlpool purchased all remaining shares of Indesit (aside from a minority interest that was purchased in the third quarter of 2014) and Indesit delisted from the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. Total consideration paid for Indesit was \$1.4 billion in aggregate net of cash acquired. The Company funded the aggregate purchase price for the shares constituting a majority interest that we purchased in October 2014 through borrowings under our credit facility, and repaid a portion of such borrowings through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014. We funded the aggregate purchase price for the tender offer and remaining shares through borrowings under our credit facility and through borrowings under our commercial paper programs, and intend to repay such borrowings in the future through public debt financing.

This transaction builds Whirlpool’s market position within Europe, and we believe will enable sustainable growth given the complementary market positions, product offerings and distribution channels of Whirlpool and Indesit throughout Europe. Further discussion of this transaction can be found in Note 2 of the Notes 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 16, 2015, 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. Fetting	Director, Chairman of the Board and Chief Executive Officer	1994	57
Michael A. Todman	Director and Vice Chairman	2001	57
Marc R. Bitzer	Vice Chairman	2006	50
Esther Berrozpe Galindo	Executive Vice President and President, Whirlpool EMEA	2013	45
João C. Brega	Executive Vice President and President, Whirlpool Latin America	2012	51
Joseph T. Liotine	Executive Vice President and President, Whirlpool North America	2014	42
David T. Szczupak	Executive Vice President, Global Product Organization	2008	59
Larry M. Venturelli	Executive Vice President and Chief Financial Officer	2012	54

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 2015 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/sec.cfm. 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, a 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. These risks and uncertainties include, but are not limited to, the following:

Risks Relating to Our Business

We face intense competition in the major home appliance industry and failure to successfully compete may 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 Bosch Siemens, Electrolux, General Electric, Haier, LG, Panasonic and Samsung are large, well-established companies, many ranking among the Global Fortune 150, and have demonstrated a commitment to success in the global market. 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 market 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 markets outside, have aggressively priced their products and/or introduced new products to increase market share and expand into new geographies. If we are unable to successfully compete in this highly competitive environment, our business and financial performance could be negatively affected.

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 and participate in joint ventures. 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 in managing strategic investments. 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.

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. If our compliance policies, including the requirement to comply with all laws, are not followed, such 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. See Note 2 to the Consolidated Financial Statements for additional information regarding the Hefei Sanyo and Indesit acquisitions.

The loss of, or substantial decline in, sales to any of our key trade customers, which include Lowe's, Sears, Home Depot, hhgregg, Best Buy, GPA - Grupo Pão De Açúcar, IKEA, Alno, Suning, 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, which facilitates the trade customers' ability 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 of, or substantial decline in volume of, sales to Lowe's, Sears, Home Depot, hhgregg, Best Buy, GPA - Grupo Pão De Açúcar, IKEA, Alno, Suning, major buying groups or 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.

Risks associated with our international operations may decrease our revenues and increase our costs. For the year ended December 31, 2014, we derived approximately 47% of our net sales from outside of North America, including 23% in Latin America, 20% in EMEA and 4% in Asia. We expect that international sales will continue to account for a significant percentage of our net sales in 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 country tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- inflation;
- changes in foreign country regulatory requirements;
- various import/export restrictions and the availability of required import/export licenses;
- imposition of foreign tariffs and other trade barriers;
- managing widespread operations and enforcing internal policies and procedures such as compliance with U.S. and foreign anti-bribery and anti-corruption regulations, such as the Foreign Corrupt Practices Act ("FCPA"), and antitrust laws;
- work stoppages and labor relations;
- disruptions in the shipping of imported and exported products;
- government price controls;
- extended payment terms and the inability to collect accounts receivable; and
- limitations on the repatriation 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 could have a material adverse effect on us.

Terrorist attacks, armed conflicts, labor disputes, 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, both in the United States and elsewhere.

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

The primary materials used to produce and manufacture our products are steel, plastic resins, and base metals, such as aluminum, copper, zinc, and nickel. On a global and regional basis, the sources and prices of those materials and components containing those materials are susceptible to significant price fluctuations due to supply/demand trends, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, the economic climate, and other unforeseen circumstances. Significant increases in these and other costs 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 currencies other than the U.S. dollar. 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 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 the 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.

Unfavorable results of legal and tax proceedings could materially adversely affect our business and financial condition and performance. We are subject to a variety of litigation and legal compliance risks, including litigation concerning products, intellectual property rights, income and non-income taxes, environmental matters, corporate matters, commercial matters and compliance with competition laws and distribution, marketing and trade practices. For example, we are currently disputing certain income and non-income tax related assessments issued by the Brazilian authorities relating to BEFIEX, CFC Tax and to IPI tax credits (see Note 7 and Note 12 of the Notes to the Consolidated Financial Statements for additional information on these matters). Unfavorable outcomes regarding these assessments could have a material adverse affect on our financial position, liquidity, or results of operations in any particular reporting period. Results of legal proceedings cannot be predicted with certainty and for some matters no insurance is likely available. Regardless of merit, litigation 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. 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 laws, violations of which can involve civil or criminal sanctions. For example, we have been subject to governmental investigations related to pricing practices of our global compressor business (see Note 7 of the Notes to the Consolidated Financial Statements for additional information on these matters). 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 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, 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 markets 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, therefore, 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.

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 design and 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 any of our brands is tarnished or receives negative publicity. In addition, adverse publicity about regulatory or legal action against us 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 our increasing reliance on social media and online dissemination of advertising campaigns. 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 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, and enable us to receive an acceptable return on our investments. Our inability to effectively control costs and drive productivity improvements could affect our profits. 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 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 markets and upon our ability to successfully and timely identify, develop, manufacture, market, and sell new or improved products in these changing markets.

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 as an enabler to improve the effectiveness of our operations and to interface with our customers, as well as to maintain financial accuracy and efficiency. Information technology system failures, including suppliers' or vendors' system failures, 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 business disruptions, or the loss of or damage to intellectual property through security breach.

In addition, we have outsourced certain information technology support services and administrative functions, such as payroll processing and benefit plan administration, to third-party service providers and may outsource other functions in the future to achieve cost savings and efficiencies. If the service providers to which we outsource these functions do not perform effectively, we may not be able to achieve the expected cost savings and may have to 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 through security breach, or harm employee morale.

Our information systems, or those of our third-party service providers, could also be penetrated by outside parties intent on extracting information, 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, but are not limited to, 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 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 liability or product recall costs could adversely affect our business and financial performance. We are subject to the risk of exposure to product liability and product recall claims if any of our products are alleged to have resulted in injury to persons or damage to property. In the event that any of our products prove to be defective, we may need to recall and/or redesign such products. In addition, any claim or product recall 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 do maintain product liability insurance, but this insurance may not be adequate to cover losses related to product liability claims brought against us. We may also be involved in certain class action and other litigation, for which no insurance is available. Product liability insurance could become more expensive and difficult to maintain and may not be available on commercially reasonable terms, if at all. In addition, we do not maintain any product recall insurance. Therefore any product recall we are required to 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 necessary, we undertake to effect repair or replacement of appliances. Actual costs of these issues 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 initially by Whirlpool or the supplier, and, if initially borne by Whirlpool, 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.

We face inventory and other asset risk. We write-down product and component inventories that have become obsolete or do not meet anticipated demand or net realizable value. We also review our long-lived and intangible assets for impairment whenever events or changed circumstances indicate the carrying amount of an asset may not be recoverable. If we determine that impairment has occurred, we record a write-down to adjust carrying value to fair 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 or asset related charges. Such charges could materially adversely affect our financial condition and operating results.

Changes in economic conditions could adversely affect demand for our products. A number of economic factors, including, but not limited to, 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, generally affect demand for our products. Higher unemployment rates, higher fuel and other energy costs, higher deficit spending and debt levels, and higher tax rates adversely affect demand. A decline in economic activity and conditions in the United States, Latin America, Europe and the other 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.

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 and use numerous suppliers to provide materials and components. Because we generally do not have guaranteed supply arrangements with our suppliers 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 component parts 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 operations at suppliers' facilities are subject to disruption for a variety of reasons, including, but not limited to, 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 earnings performance.

We are exposed to risks associated with the uncertain global economy. Uncertain economic conditions within our regions and slow recovery in Europe and Asia, along with national debt and fiscal concerns in various regions and government austerity measures, are posing challenges to the industry in which Whirlpool operates. The demand for our products depends largely on consumer spending and the availability of financing. 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.

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.

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 our 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. A lengthy period of time is required to hire and develop replacement personnel when skilled personnel depart Whirlpool. An inability to hire, develop, 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, 2014, we had approximately 100,000 employees. We are subject to separate collective bargaining agreements with certain labor unions, which generally have two to three year terms. We are periodically in negotiations with certain of the unions representing our employees and may be subject to employee work stoppages that, if such events were to occur, may have a material adverse effect on our business, financial condition, or results of operations. Further, we cannot be assured that we will be able to renew collective bargaining agreements on the same or similar terms, or at all, which may also have a material adverse effect on our business, financial condition, or results of operations.

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, trade secrets and licensing agreements, to be a significant 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 patent protection in the United States and other jurisdictions with respect to certain innovations and new products, product features, and processes. We cannot be assured that the U.S. Patent and Trademark Office or any other jurisdiction will approve any of our patent applications. Additionally, the patents we own could be challenged, invalidated, or others could design around our patents and 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. We also may be subject to significant damages or injunctions against development and sale of certain products.

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 in North America, Europe, Asia and Brazil. 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 as of December 31, 2006 for substantially all participants. For 2007 and beyond, Whirlpool employees may participate in an enhanced defined contribution plan.

As of December 31, 2014, 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 \$ 1.6 billion, (\$ 1.1 billion of which was attributable to pension plans and \$ 0.5 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, and health care cost trend rates, 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Benton Harbor, Michigan. On December 31, 2014, our principal manufacturing operations were carried on at 42 locations in 14 countries worldwide. We occupied a total of approximately 83 million square feet devoted to manufacturing, service, sales and administrative offices, warehouse and distribution space. Over 37 million square feet of such space is occupied under lease. Whirlpool properties include facilities which are suitable and adequate for the manufacture and distribution of Whirlpool's products. The company's major production sites by operating segment are as follows:

North America:

<i>United States:</i>	Amana and Newton, Iowa; Tulsa, Oklahoma; Greenville, Clyde, Findlay, Marion and Ottawa, Ohio; Cleveland, Tennessee
<i>Mexico:</i>	Celaya; Monterrey; Ramos Arizpe

Latin America:

<i>Brazil:</i>	Itaiopolis; Joinville; Manaus; Rio Claro
<i>China:</i>	Beijing
<i>Colombia:</i>	Medellin (Joint Venture)
<i>Italy:</i>	Riva di Chieri
<i>Slovakia:</i>	Spisska Nova Ves
<i>Mexico:</i>	Monterrey

Europe, Middle East and Africa:

<i>France:</i>	Amiens
<i>Italy:</i>	Cassinetta; Comunanza; Fabriano; Naples; Siena; Teverola
<i>Poland:</i>	Lodz; Radomsko; Wroclaw
<i>Russia:</i>	Lipetsk
<i>Slovakia:</i>	Poprad
<i>South Africa:</i>	Isithebe
<i>Turkey:</i>	Manisa
<i>United Kingdom:</i>	Yates

Asia:

<i>China:</i>	ChangXing (Joint Venture); Hefei; Shunde
<i>India:</i>	Faridabad; Pondicherry; Pune

ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings can be found in Note 7 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 20, 2015 , the number of holders of record of Whirlpool common stock was approximately 11,160 .

Quarterly market and dividend information can be found in Note 15 (unaudited) to the Consolidated Financial Statements.

On April 14, 2014 , our Board of Directors authorized a new share repurchase program of up to \$500 million . Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us to repurchase any of our shares. We repurchased 165,900 shares at an aggregate purchase price of approximately \$25 million through December 31, 2014 . At December 31, 2014 , there were approximately \$475 million in remaining funds authorized under this program.

ITEM 6. SELECTED FINANCIAL DATA

FIVE-YEAR SELECTED FINANCIAL DATA

(Millions of dollars, except share and employee data)	2014	2013	2012	2011	2010
CONSOLIDATED OPERATIONS					
Net sales	\$ 19,872	\$ 18,769	\$ 18,143	\$ 18,666	\$ 18,366
Restructuring costs	136	196	237	136	74
Depreciation and amortization	560	540	551	558	555
Operating profit	1,188	1,249	869	792	1,008
Earnings (loss) before income taxes and other items	881	917	558	(28)	586
Net earnings	692	849	425	408	650
Net earnings available to Whirlpool	650	827	401	390	619
Capital expenditures	720	578	476	608	593
Dividends paid	224	187	155	148	132
CONSOLIDATED FINANCIAL POSITION					
Current assets	\$ 8,098	\$ 7,022	\$ 6,827	\$ 6,422	\$ 7,315
Current liabilities	8,403	6,794	6,510	6,297	6,149
Accounts receivable, inventories and accounts payable, net	778	548	694	947	1,410
Property, net	3,981	3,041	3,034	3,102	3,134
Total assets	20,002	15,544	15,396	15,181	15,584
Long-term debt	3,544	1,846	1,944	2,129	2,195
Total debt ⁽¹⁾	4,347	2,463	2,461	2,491	2,509
Whirlpool stockholders' equity	4,885	4,924	4,260	4,181	4,226
PER SHARE DATA					
Basic net earnings available to Whirlpool	\$ 8.30	\$ 10.42	\$ 5.14	\$ 5.07	\$ 8.12
Diluted net earnings available to Whirlpool	8.17	10.24	5.06	4.99	7.97
Dividends	2.88	2.38	2.00	1.93	1.72
Book value ⁽²⁾	61.39	60.97	53.70	53.50	54.48
Closing Stock Price—NYSE	193.74	156.86	101.75	47.45	88.83
KEY RATIOS					
Operating profit margin	6.0%	6.7%	4.8%	4.2 %	5.5%
Pre-tax margin ⁽³⁾	4.4%	4.9%	3.1%	(0.2)%	3.2%
Net margin ⁽⁴⁾	3.3%	4.4%	2.2%	2.1 %	3.4%
Return on average Whirlpool stockholders' equity ⁽⁵⁾	13.3%	18.0%	9.5%	9.3 %	15.7%
Return on average total assets ⁽⁶⁾	3.7%	5.3%	2.6%	2.5 %	4.0%
Current assets to current liabilities	1.0	1.0	1.0	1.0	1.2
Total debt as a percent of invested capital ⁽⁷⁾	42.9%	33.0%	36.0%	36.8 %	36.7%
Price earnings ratio ⁽⁸⁾	23.7	15.3	20.1	9.5	11.2
OTHER DATA					
Common shares outstanding (in thousands):					
Average number—on a diluted basis	79,578	80,761	79,337	78,143	77,628
Year-end common shares outstanding	77,956	77,417	78,407	76,451	76,030
Year-end number of stockholders	11,225	11,889	12,759	13,527	14,080
Year-end number of employees	100,000	69,000	68,000	68,000	71,000

Five-year annualized total return to stockholders ⁽⁹⁾	22.0%	34.0%	7.6%	(8.1)%	3.8%
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- (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.

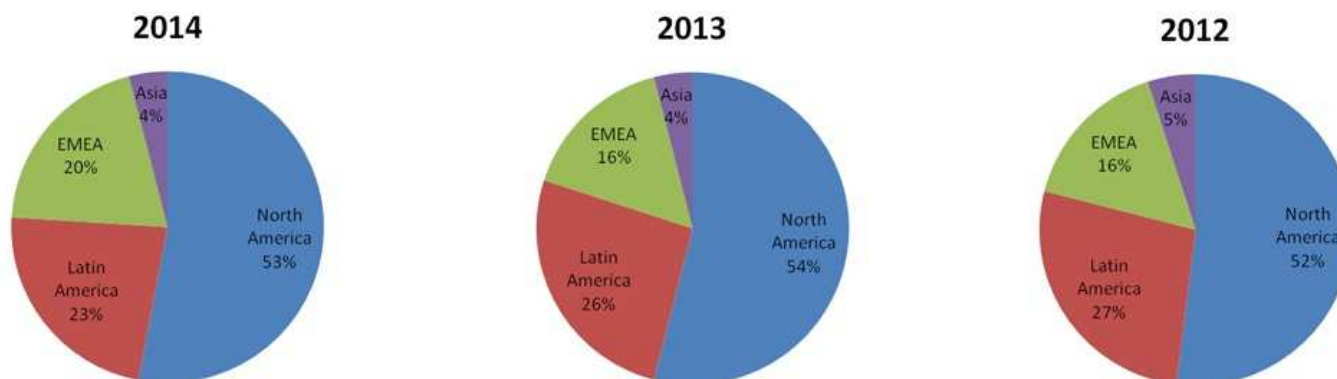
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

ABOUT WHIRLPOOL

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

The charts below summarize the balance of net sales by reportable segment for 2014, 2013 and 2012, respectively:



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

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

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

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

OVERVIEW

Whirlpool delivered a strong year of business operating performance as evidenced by record revenues and strong margins, while driving product introductions, ongoing productivity and delivering restructuring benefits. We have continued to build a global platform that will drive future growth and strong value creation, further accelerated through the completion of two acquisitions during 2014 in China and Europe. We have great opportunities for growth as demand in the U.S. continued to recover and we are very well positioned to capitalize when growth returns to emerging markets such as Brazil, China, India and Russia. We continue to accelerate our investments in product and brand innovation which will benefit our end consumers, while driving revenue growth in those areas that expand and extend our core appliance business.

We believe that continued execution of our business priorities and a focus on long-term growth will allow the Company to adapt to changes in the macroeconomic environment and maintain our position as the world's leading global manufacturer and marketer of major home appliances.

RESULTS OF OPERATIONS

The following table summarizes the consolidated results of operations:

Consolidated - Millions of dollars (except per share data)	December 31,				
	2014	Change	2013	Change	2012
Net sales	\$ 19,872	5.9%	\$ 18,769	3.4%	\$ 18,143
Gross margin	3,395	2.9	3,298	14.0	2,893
Selling, general and administrative	2,038	(11.5)	1,828	(4.0)	1,757
Restructuring costs	136	30.9	196	17.2	237
Interest and sundry income (expense)	(142)	8.6	(155)	(38.8)	(112)
Interest expense	(165)	6.7	(177)	11.0	(199)
Income tax expense	189	nm	68	49.2	133
Net earnings available to Whirlpool	650	(21.3)	827	106.0	401
Diluted net earnings available to Whirlpool per share	\$ 8.17	(20.2)%	\$ 10.24	102.3%	\$ 5.06

nm: not meaningful

Consolidated Net Sales

The following tables summarize units sold and consolidated net sales by operating segment:

Units Sold - In thousands	December 31,				
	2014	Change	2013	Change	2012
North America	26,892	3.8 %	25,895	6.6 %	24,291
Latin America	12,821	(4.5)	13,422	6.2	12,637
EMEA	15,744	32.2	11,907	3.1	11,546
Asia	4,346	11.0	3,917	(2.7)	4,028
Consolidated	<u>59,803</u>	8.5 %	<u>55,141</u>	5.0 %	<u>52,502</u>

Consolidated Net Sales - Millions of dollars	December 31,				
	2014	Change	2013	Change	2012
North America	\$ 10,634	4.5 %	\$ 10,178	5.7 %	\$ 9,631
Latin America	4,686	(4.9)	4,928	(0.5)	4,950
EMEA	3,905	29.1	3,024	5.2	2,874
Asia	816	1.2	807	(4.8)	847
Other/eliminations	(169)	—	(168)	—	(159)
Consolidated	<u>\$ 19,872</u>	5.9 %	<u>\$ 18,769</u>	3.4 %	<u>\$ 18,143</u>

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

Consolidated net sales increased 5.9% compared to 2013 primarily due to favorable product price/mix, higher unit shipments and the benefit of the acquisitions partially offset by the unfavorable impact of foreign currency and lower BEFIEX credits. Excluding the impact of foreign currency and BEFIEX credits, consolidated net sales increased 8.4% compared to 2013. Consolidated net sales for 2013 increased 3.4% compared to 2012 primarily due to higher unit shipments and BEFIEX credits, partially offset by the unfavorable impact of foreign currency and changes in product price/mix. Excluding the impact of foreign currency and BEFIEX credits, consolidated net sales for 2013 increased 4.4% compared to 2012.

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

Significant regional trends were as follows:

- North America net sales increased 4.5% compared to 2013 primarily due to a 3.8% increase in units sold and favorable product price/mix, partially offset by foreign currency. North America net sales for 2013 increased 5.7% compared to 2012 primarily due to a 6.6% increase in units sold, partially offset by changes in product mix and foreign currency.
- Latin America net sales decreased 4.9% compared to 2013 primarily due to a 4.5% decrease in units sold from the impact of the World Cup and presidential elections in 2014, lower BEFIEX credits and unfavorable foreign currency, partially offset by favorable product price/mix. Excluding the impact of foreign currency and BEFIEX credits, Latin America net sales increased 2.5% in 2014. Latin America net sales for 2013 decreased 0.5% compared to 2012 primarily due to the unfavorable impact of foreign currency, partially offset by a 6.2% increase in units sold and higher BEFIEX credits. Excluding the impact of foreign currency and BEFIEX credits, Latin America net sales increased 4.1% in 2013.

We recognized approximately \$14 million, \$109 million and \$37 million of BEFIEX credits in 2014, 2013 and 2012, respectively. As of December 31, 2014, approximately \$48 million of future cash monetization remained for court awarded fees, which is not expected to be payable for several years. For additional information regarding BEFIEX credits, see Notes 7 and 12 of the Notes to the Consolidated Financial Statements.

- EMEA net sales increased 29.1% compared to 2013, primarily due to a 32.2% increase in units sold primarily due to the acquisition of Indesit, partially offset by unfavorable product price/mix and foreign currency. Excluding the impact of foreign currency, net sales increased 29.6%. In 2013 EMEA net sales increased 5.2% compared to 2012, primarily due to the favorable impact of foreign currency and a 3.1% increase in units sold. Excluding the impact of foreign currency, net sales increased 1.8%.
- Asia net sales increased 1.2% compared to 2013 primarily due to the acquisition of Hefei Sanyo, partially offset by foreign currency, product transition costs and unfavorable product price/mix. Excluding the impact of foreign currency, Asia net sales increased 4.1%. Asia net sales for 2013 decreased 4.8% compared to 2012 primarily due to the unfavorable impact of foreign currency and a 2.7% decrease in units sold, partially offset by favorable product price/mix. Excluding the impact of foreign currency, Asia net sales decreased 1.1%.

Gross Margin

The table below summarizes gross margin percentages by region:

Percentage of net sales	December 31,				
	2014	Change	2013	Change	2012
North America	17.4%	(0.7) pts	18.1%	1.7 pts	16.4%
Latin America	17.8	(1.6)	19.4	1.7	17.7
EMEA	14.7	3.5	11.2	1.5	9.7
Asia	15.9	(2.7)	18.6	0.7	17.9
Consolidated	17.1%	(0.5) pts	17.6%	1.7 pts	15.9%

The consolidated gross margin percentage decreased 50 basis points to 17.1% compared to 2013, primarily due to higher material costs, expenses related to the acquisitions, foreign currency and lower BEFIEX credits, partially offset by productivity and restructuring benefits.

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

Significant regional trends were as follows:

- North America gross margin decreased compared to 2013 primarily due to the impact of product transitions, partially offset by productivity. North America gross margin for 2013 increased compared to 2012 primarily due to productivity and cost and capacity reduction initiatives, partially offset by a 2012 curtailment gain in a postretirement benefit plan that did not recur in 2013 .
- Latin America gross margin decreased compared to 2013 primarily due to lower BEFIEX credits, higher material costs and unfavorable foreign currency, partially offset by higher product price/mix. During 2013 , Latin America gross margin increased compared to 2012 primarily due to favorable product price/mix, productivity and BEFIEX credits, partially offset by higher material costs.
- EMEA gross margin increased compared to 2013 primarily due to increased productivity, the acquisition of Indesit , and restructuring benefits, partially offset by unfavorable product price/mix and foreign currency. During 2013 , EMEA gross margin increased compared to 2012 primarily due to increased productivity and benefits from restructuring initiatives, partially offset by higher material costs.
- Asia gross margin decreased in 2014 when compared to the prior year, primarily due to expenses related to the acquisition of Hefei Sanyo in 2014, foreign currency and unfavorable material costs, partially offset by favorable product price/mix, productivity and the benefits of the acquisition. Asia gross margin increased in 2013 when compared to the prior year primarily due to favorable product price/mix and productivity, partially offset by the unfavorable impacts of higher material costs and foreign currency.

Selling, General and Administrative

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

Millions of dollars	December 31,					
	2014	As a % of Net Sales	2013	As a % of Net Sales	2012	As a % of Net Sales
North America	\$ 761	7.2%	\$ 758	7.5%	\$ 707	7.3%
Latin America	359	7.7	399	8.1	400	8.1
EMEA	506	13.0	338	11.2	332	11.5
Asia	146	17.9	116	14.4	115	13.6
Corporate/other	266	—	217	—	203	—
Consolidated	<u>\$ 2,038</u>	10.3%	<u>\$ 1,828</u>	9.7%	<u>\$ 1,757</u>	9.7%

Consolidated selling, general and administrative expenses in 2014 reflect acquisition-related costs and investment expenses compared to 2013 and have increased as a percent of consolidated net sales due to those expenses. Selling, general and administrative expenses as a percent of consolidated net sales in 2013 remained flat compared to 2012 , primarily due to leverage on increased sales.

Restructuring

During the fourth quarter 2011, the Company committed to restructuring plans (the "2011 Plan") to expand our operating margins and improve our earnings through substantial cost and capacity reductions, primarily within our North America and EMEA operating segments. All actions related to the 2011 Plan have been announced and are now substantially complete. Over \$40 million in costs related to actions authorized under the 2011 Plan were recognized during 2014.

During 2014, the Company announced the following restructuring plans: (a) the closure of a microwave oven manufacturing facility and other organizational efficiency actions in EMEA and Latin America, and (b) organizational integration activities in China, in anticipation of the Hefei Sanyo transaction. These plans resulted in charges of approximately \$90 million in 2014, with completion expected by the end of 2015, related to employee termination costs, non-cash asset impairment costs, and facility exit costs.

We incurred restructuring charges of \$136 million , \$196 million , and \$237 million for the years ended December 31, 2014 , 2013 and 2012 , respectively.

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

For the full year 2015, we may incur up to \$300 million of restructuring charges, which will result in substantial cost reductions. Additional information about restructuring activities can be found in Note 11 of the Notes to the Consolidated Financial Statements.

Interest and Sundry Income (Expense)

Interest and sundry income (expense) decreased \$13 million compared to 2013, primarily driven by lower charges related to Embraco antitrust matters and a Brazilian government settlement occurring in 2013. During 2013, interest and sundry income (expense) increased \$43 million compared to 2012, primarily driven by charges related to Embraco antitrust matters, a Brazilian government settlement and acquisition-related investment expenses.

For additional information about the Embraco antitrust matters, the Brazilian collection dispute, and the Brazilian government settlement, see Note 7 of the Notes to the Consolidated Financial Statements. For additional information about the acquisitions of Hefei Sanyo and Indesit, see Note 2 of the Notes to the Consolidated Financial Statements.

Interest Expense

Interest expense decreased \$12 million compared to 2013, primarily due to lower interest rates which were offset by higher average debt levels. The increase in average debt is related to the funding and assumed debt related to our two acquisitions in 2014 (See Note 2 to the Consolidated Financial Statements). During 2013, interest expense decreased \$22 million compared to 2012, primarily due to lower interest rates.

Income Taxes

Income tax expense was \$189 million, \$68 million, and \$133 million in 2014, 2013 and 2012, respectively. The increase in tax expense in 2014 compared to 2013 is primarily due to the absence of the United States energy tax credits that were recognized in 2013.

The decrease in tax expense in 2013 compared to 2012 is primarily due to United States energy tax credits recognized, partially offset by higher pre-tax earnings. The "American Taxpayer Relief Act of 2012," signed in January 2013, reinstated the energy tax credit for 2012 and 2013, and resulted in a tax credit benefit related to the production of qualifying appliances in 2012 and 2013 in the combined amount of \$126 million, all of which was recognized in 2013. For additional information about our consolidated tax provision, see Note 12 of the Notes to the Consolidated Financial Statements.

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	2014	2013	2012
Earnings before income taxes			
United States	\$ 325	\$ 149	\$ 113
Foreign	556	768	445
Earnings before income taxes	881	917	558
Income tax computed at United States statutory rate	308	321	195
U.S. government tax incentives, including Energy Tax Credits	(10)	(142)	—
Foreign government tax incentives, including BEFIEX	(46)	(63)	(38)
Foreign tax rate differential	(17)	(17)	(2)
U.S. foreign tax credits	(148)	(231)	(31)
Valuation allowances	9	16	(86)
State and local taxes, net of federal tax benefit	5	7	2
Foreign withholding taxes	16	29	12
U.S. tax on foreign dividends and subpart F income	56	195	57
Settlement of global tax audits	(5)	(54)	18
Other items, net	21	7	6
Income tax expense computed at effective worldwide tax rates	<u>\$ 189</u>	<u>\$ 68</u>	<u>\$ 133</u>

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

FORWARD-LOOKING PERSPECTIVE

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

	2015		
	Current Outlook		
Estimated earnings per diluted share, for the year ending December 31, 2015	\$10.75	—	\$11.75
Including:			
Restructuring Expense			~\$(2.85)
Acquisition Related Transition Cost			~\$(0.24)
Pension Settlement Charge			~\$(0.11)
Acquisition Purchase Price Accounting Adjustment - Inventory			~\$(0.01)
Industry demand			
North America	+4%	—	+6%
Latin America	(3%)	—	0%
EMEA	0%	—	+2%
Asia	+1%	—	+3%

For the full-year 2015, we expect to generate free cash flow between \$700 million and \$800 million, including restructuring cash outlays of up to \$250 million, capital spending of \$800 million to \$850 million and U.S. pension contributions of approximately \$80 million.

The table below reconciles projected 2015 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 and which are used to fund capital and technical resources to enhance Hefei Sanyo's research and development and working capital.

	2015		
Millions of dollars	Current Outlook		
Cash provided by operating activities	\$ 1,500	—	\$ 1,650
Capital expenditures, proceeds from sale of assets/businesses and changes in restricted cash	(800)	—	(850)
Free cash flow	<u>\$ 700</u>	—	<u>\$ 800</u>

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

FINANCIAL CONDITION AND LIQUIDITY

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

On October 14, 2014, we completed our acquisition from Fineldo S.p.A. and certain members of the Merloni family (the "Family") a number of shares that, when combined with a prior purchase, totaled 66.8% of the voting stock of Indesit for an aggregate purchase price, including the prior purchase, of €758 million (approximately \$965 million at the dates of purchase), without adjustment. The Company funded the aggregate purchase price for the shares constituting a majority interest that we purchased in October 2014 through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014. Whirlpool launched a mandatory tender offer for all remaining outstanding shares of Indesit in accordance with Italian law which was completed on November 28, 2014 at a cost of € 344 million (approximately \$429 million at the date of purchase).

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

On December 3, 2014 we acquired the remaining shares for € 32 million (approximately \$40 million at the date of the purchase) to obtain 100% ownership. Additional information about the transaction can be found in Note 2 of the Notes to the Consolidated Financial Statements.

In addition, we assumed \$ 99 million of bank guarantees through our acquisition of Indesit as of December 31, 2014 .

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

Our short term potential uses of liquidity include funding our ongoing capital spending, restructuring activities, funding pension plans and returns to shareholders. We also have \$ 234 million of term debt maturing in the next twelve months.

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

We continue to review customer conditions across the Eurozone. As of December 31, 2014 , we had €78 million (approximately \$94 million as of December 31, 2014) in outstanding trade receivables and short-term and long-term notes due to us associated with Alno AG, a long-standing European customer. Approximately €39 million (approximately \$47 million as of December 31, 2014) of the outstanding receivables were overdue as of December 31, 2014 . In the fourth quarter of 2014, Whirlpool and Alno entered into an agreement to revise the previous standstill agreement to amend the payment terms of the overdue trade receivables. The new agreement cured the violation of the prior agreement and Alno's full overdue balance remains due in full by the end of the first quarter of 2016. Our exposure includes not only the outstanding receivables but also the potential risks of an Alno bankruptcy and impacts to our distribution process. Alno is proceeding to secure additional financing to improve its financial position.

In March 2014, Whirlpool sold approximately 7.4 million shares held in Alno AG for approximately \$5 million . This transaction resulted in the conversion of our investment from the equity method of accounting to an available for sale investment due to our less than 20% overall investment in Alno AG.

As of December 31, 2014 , we had \$1.0 billion of cash and equivalents on hand, of which \$0.9 billion was held outside of the United States. Our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate these funds to fund our U.S. operations. However, if these funds were repatriated, we would then be required to accrue and pay applicable U.S. taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to various countries.

Sources and Uses of Cash

We met our cash needs during 2014 through cash flows from operations, cash and equivalents, and financing arrangements. Our cash and equivalents at December 31, 2014 decreased \$354 million compared to the same period in 2013 . Significant drivers of changes in our cash and equivalents balance during 2014 are discussed below:

Cash Flow Summary

Millions of dollars	2014	2013	2012
Cash provided by (used in):			
Operating activities	\$ 1,479	\$ 1,262	\$ 696
Investing activities	(2,456)	(582)	(494)
Financing activities	705	(434)	(148)
Effect of exchange rate changes	(82)	(34)	5
Net increase (decrease) in cash and equivalents	<u>\$ (354)</u>	<u>\$ 212</u>	<u>\$ 59</u>

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

Cash Flows from Operating Activities

The increase in cash provided by operating activities during 2014 reflects strong cash earnings and working capital improvements partially offset by \$125 million to fund our United States qualified pension plans.

The timing of cash flows from operations varies significantly within a quarter primarily due to changes in production levels, sales patterns, promotional programs, funding requirements as well as receivable and payment terms. Dependent on timing of cash flows, the location of cash balances, as well as the liquidity requirements of each country, external sources of funding are used to support working capital requirements throughout the year. Due to the variables discussed above, cash flow from operations during the year may significantly exceed our quarter and year-end balances.

We offer our suppliers access to third party payables processors. Independent of Whirlpool, the processors allow suppliers to sell their receivables to financial institutions at the discretion of only 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, 2014 and 2013, approximately \$1.6 billion and \$1.3 billion, respectively, are outstanding under the programs with participating financial institutions.

Cash Flows from Investing Activities

Cash used in investing activities of \$2.5 billion during 2014 increased \$1.9 billion from 2013, primarily driven by the acquisitions of Hefei Sanyo and Indesit and higher capital investment to support new product innovations. Cash used in investing activities of \$582 million during 2013 increased \$88 million from 2012, primarily driven by higher capital investment to support new product innovations.

Cash Flows from Financing Activities

Cash provided by financing activities during 2014 increased compared to 2013 primarily due to the funding required to complete the acquisitions of Hefei Sanyo and Indesit, partially offset by lower share repurchase activity. Cash used in financing activities during 2013 increased compared to 2012 primarily due to the resumption of our share repurchase program and higher cash dividends, partially offset by increased proceeds from the issuance of common stock associated with stock option exercises.

Financing Arrangements

On September 26, 2014, we entered into a Second Amended and Restated Long-Term Credit Agreement (the "Long-Term Facility"). The Long-Term Facility amends, restates and extends the borrowers' prior five-year credit facility, which was scheduled to mature on June 28, 2016. The Long-Term Facility increases the existing \$1.7 billion facility to an aggregate amount of \$2.0 billion, with an option to increase the total amount to up to \$2.5 billion by exercise of an accordion feature. The Long-Term Facility has a maturity date of September 26, 2019. The Long-Term Facility includes a letter of credit sublimit of \$200 million. The Long-Term Facility decreases the interest and fee rates payable with respect to the Long-Term Facility based on our debt rating as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.15%, as of the effective date of the Long-Term Facility. We had no borrowings outstanding under the Long-Term Facility at December 31, 2014 or the prior five-year credit facility at December 31, 2013.

On September 26, 2014, we entered into a Short-Term Credit Agreement (the "364-Day Facility" and together with the Long-Term Facility, the "Facilities"). The 364-Day Facility is a revolving credit facility in an aggregate amount of \$1.0 billion. The 364-Day Facility has a maturity date of September 25, 2015. The interest and fee rates payable with respect to the 364-Day Facility based on our debt rating are as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.125%, as of the effective date of the 364-Day Facility. We had no borrowings outstanding under the 364-Day Facility at December 31, 2014.

The Facilities contain customary covenants and warranties including, among other things, a rolling twelve month maximum leverage ratio limited to 3.25 to 1.0 for each fiscal quarter and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit our ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on 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; and (vi) enter into agreements restricting the creation of liens on our assets. We were in compliance with financial covenant requirements at December 31, 2014 and December 31, 2013.

We have paid lenders under the Facilities an up-front fee of approximately \$3 million.

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

We have committed credit facilities in Brazil, which provide borrowings up to 1.1 billion Brazilian reais (approximately \$429 million as of December 31, 2014) maturing at various times from 2015 to 2017. The credit facilities contain no financial covenants and we had no borrowings outstanding under these credit facilities at December 31, 2014 and 2013 .

In the fourth quarter of 2014, we acquired a committed credit facility in Italy as a result of the Indesit acquisition, which provides borrowings up to €350 million (approximately \$424 million as of December 31, 2014) maturing July 29, 2016. As described in the credit agreement included as an exhibit to this Form 10-K, the credit facility contains covenants which state the guarantor, Indesit, will not permit (1) the ratio of Consolidated Net Borrowings as of any Year-End Determination Date to Consolidated earnings before income taxes, depreciation and amortization, for the twelve month period ended on such Year-End Determination Date to exceed 3.00 to 1; (2) the ratio of Consolidated Net Borrowings as of any Semi Annual Determination Date to Consolidated EBITDA for the twelve month period ended on such Semi Annual Determination Date to exceed 4.00 to 1; and (3) the ratio of Consolidated EBITDA to Consolidated Net Interest for the twelve month period ending on any Determination Date to be less than 3.5 to 1. We were in compliance with financial covenant requirements at December 31, 2014 . We had no borrowings outstanding under this credit facility at December 31, 2014 .

On February 25, 2014 , we completed a debt offering of \$250 million principal amount of 1.35% notes due in 2017 , \$250 million principal amount of 2.40% notes due in 2019 , and \$300 million principal amount of 4.00% notes due in 2024 . On May 1, 2014 , \$500 million of 8.60% notes matured and were repaid. On August 15, 2014 , \$100 million of 6.45% notes matured and were repaid.

On November 4, 2014 , we completed a debt offering of \$300 million principal amount of 1.65% notes due in 2017 and \$350 million principal amount of 3.70% notes due in 2025 . These notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest.

During 2013 we completed a debt offering comprised of \$250 million principal amount of 3.70% notes due in 2023 and \$250 million principal amount of 5.15% notes due in 2043. These notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest.

For additional information about our financing arrangements, see Note 6 of the Notes to the Consolidated Financial Statements.

401(k) Defined Contribution Plan

During January 2012, we began contributing company stock to fund the company match and automatic company contributions, equal to up to 7% of employees' eligible pay, in our 401(k) defined contribution plan covering all U.S. employees. We contributed \$49 million of company stock to our 401(k) defined contribution plan during 2012. We resumed funding the company match and automatic contribution in cash during the fourth quarter 2012.

Repurchase Program

On April 14, 2014 , our Board of Directors authorized a new share repurchase program of up to \$500 million . Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us to repurchase any of our shares. We repurchased 165,900 shares at an aggregate purchase price of approximately \$25 million through December 31, 2014 . At December 31, 2014 , there were approximately \$475 million in remaining funds authorized under this program.

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

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	2015	2016 & 2017	2018 & 2019	Thereafter
Long-term debt obligations ⁽¹⁾	\$ 4,627	\$ 350	\$ 1,274	\$ 821	\$ 2,182
Operating lease obligations	868	230	333	191	114
Purchase obligations ⁽²⁾	941	209	343	178	211
Brazilian government settlement ⁽³⁾	28	20	8	—	—
United States pension plans ⁽⁴⁾	585	80	14	65	426
Foreign pension plans ⁽⁵⁾	18	18	—	—	—
Other postretirement benefits ⁽⁶⁾	409	56	97	85	171
Legal settlements ⁽⁷⁾	21	21	—	—	—
Total ⁽⁸⁾	\$ 7,497	\$ 984	\$ 2,069	\$ 1,340	\$ 3,104

⁽¹⁾ Interest payments related to long-term debt are included in the table above. For additional information about our financing arrangements, see Note 6 of the Notes 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 payments agreed to under a Brazil government settlement program. See Note 7 of the Notes to the Consolidated Financial Statements for additional information.

⁽⁴⁾ Represents the minimum contributions required by law estimated based on current interest rates, asset return assumptions, legislative requirements and other actuarial assumptions at December 31, 2014. Management may elect to contribute amounts in addition to those required by law. See Note 13 of the Notes to the Consolidated Financial Statements for additional information.

⁽⁵⁾ Represents required contributions to our foreign funded pension plans only. See Note 13 of the Notes to the Consolidated Financial Statements for additional information.

⁽⁶⁾ Represents our portion of expected benefit payments under our retiree healthcare plans.

⁽⁷⁾ For additional information regarding legal settlements, see Note 7 of the Notes to the Consolidated Financial Statements.

⁽⁸⁾ This table does not include short-term credit facility and commercial paper borrowings. For additional information about short-term borrowings, see Note 6 of the Notes to the Consolidated Financial Statements. This table does not include future anticipated income tax settlements; see Note 12 of the Notes to the Consolidated Financial Statements.

HEFEI SANYO ACQUISITION

On August 12, 2013, Whirlpool's wholly-owned subsidiary, Whirlpool China, reached agreements to acquire a 51% equity stake in a leading home appliances manufacturer, Hefei Sanyo, a joint stock company whose shares are listed and traded on the Shanghai Stock Exchange. This transaction was completed on October 24, 2014. Hefei Sanyo has been renamed to "Whirlpool China Co., Ltd." The aggregate purchase price was RMB 3.4 billion (approximately \$551 million at the dates of purchase). The Company funded the total consideration for the shares with cash on hand. The cash paid for the private placement portion of the transaction is considered restricted cash, which will be used to fund capital and technical resources to enhance Hefei Sanyo's research and development and working capital.

We expect the acquisition will accelerate Whirlpool's profitable growth in the Chinese appliance market. During 2014, Whirlpool began integrating the manufacturing, administrative, supply chain and technology operations of Hefei Sanyo. The results of Hefei Sanyo's operations have been included in the Consolidated Financial Statements beginning October 24, 2014.

Hefei Sanyo has an established and broad distribution network that includes more than 30,000 outlets throughout China. Their significant presence in rural areas complements Whirlpool's presence in China's higher-tier cities. With this acquisition, Whirlpool also gains manufacturing scale and a competitive cost structure in the city of Hefei. The ability to consolidate operations offers strong synergies as Whirlpool will provide extensive technical, marketing and product development, combined with Hefei Sanyo's sales execution and operational strengths, to support the next phase of development in the advancement of Hefei Sanyo as an important global production and research and development center for the home appliance sector.

Further discussion of this transaction can be found in Note 2 of the Notes to the Consolidated Financial Statements.

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

INDESIT ACQUISITION

On December 3, 2014, Whirlpool purchased all remaining shares of Indesit (aside from a minority interest that was purchased in the third quarter of 2014) and Indesit delisted from the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. Total consideration paid for Indesit was \$1.4 billion in aggregate net of cash acquired. The Company funded the aggregate purchase price for the shares constituting a majority interest that we purchased in October 2014 through borrowings under our credit facility, and repaid a portion of such borrowings through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014. We funded the aggregate purchase price for the tender offer and remaining shares through borrowings under our credit facility and through borrowings under our commercial paper programs, and intend to repay such borrowings in the future through public debt financing.

The acquisition builds our market position and will enable sustainable growth in EMEA. During 2015, Whirlpool expects to integrate the manufacturing, administrative, supply chain and technology operations of Indesit. The results of Indesit's operations have been included in the Consolidated Financial Statements beginning October 14, 2014.

Further discussion of this transaction can be found in Note 2 of the Notes to the Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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. As of December 31, 2014 and 2013, the guaranteed amounts totaled \$492 million and \$485 million, respectively. Our subsidiary insures against credit risk for these guarantees, under normal operating conditions, through policies purchased from high-quality underwriters. In addition, we assumed \$1.2 billion of corporate guarantees through our acquisition of Indesit as of December 31, 2014. We had no losses associated with these guarantees in 2014 or 2013.

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

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 governmental obligations related to certain employee benefit arrangements. As of December 31, 2014 and 2013, we had approximately \$401 million and \$404 million outstanding under these agreements, respectively.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (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 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.

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

Our pension and other postretirement benefit obligations at December 31, 2014 and preliminary retirement benefit costs for 2015 were prepared using the assumptions that were determined at December 31, 2014 . The following table summarizes the sensitivity of our December 31, 2014 retirement obligations and 2015 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	
		2015 Expense	PBO/APBO* for 2014
United States Pension Plans			
Discount rate	+/-50bps	\$ (2)/1	\$ (230)/246
Expected long-term rate of return on plan assets	+/-50bps	(14)/14	-
United States Other Postretirement Benefit Plan			
Discount rate	+/-50bps	2/(1)	(16)/17
Health care cost trend rate	+/-100bps	-	1/(1)

* 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 13 of the Notes 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, foreign tax credits and deductible temporary differences, are expected to be realizable in future years. Realization of our net operating loss and foreign tax 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, 2014 and 2013 , we had total deferred tax assets of \$3.2 billion and \$3.0 billion , respectively, net of valuation allowances of \$308 million and \$186 million , respectively. Our income tax benefit or expense has fluctuated considerably over the last five years from a tax benefit of \$436 million in 2011 to the current year tax expense of \$ 189 million and has been influenced primarily by U.S. energy 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, remaining BEFIEX credits, 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 , 7 and 12 of the Notes to the Consolidated Financial Statements.

BEFIEX Credits

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 of December 31, 2014 , all BEFIEX credits that were available to be monetized had been monetized. For additional information regarding BEFIEX credits, see Note 7 of the Notes to the Consolidated Financial Statements.

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

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 7 of the Notes to the Consolidated Financial Statements.

Goodwill and Intangibles

Certain business acquisitions have resulted in the recording of goodwill and trademark assets. Upon acquisition, the purchase price is first allocated to identifiable assets and liabilities, including trademark assets, based on estimated fair value, with any remaining purchase price recorded as goodwill. Most trademarks and goodwill are considered indefinite lived intangible assets and as such are not amortized. At December 31, 2014, we had goodwill of \$2.8 billion. Goodwill increased by \$1.1 billion in 2014 due to the acquisitions of Hefei Sanyo and Indesit. There have been no changes to our reporting units or allocations of goodwill by reporting units except for goodwill resulting from the acquisitions. We have trademark assets in our North America, EMEA and Asia operating segments with a carrying value of approximately \$1.5 billion, \$629 million, and \$42 million respectively, as of December 31, 2014.

We perform our annual impairment assessment for goodwill and other indefinite-lived intangible assets as of October 1st and more frequently if indicators of impairment exist.

Goodwill Valuations

We evaluate goodwill using a qualitative assessment to determine whether it is more likely than not that the fair value of any reporting unit is less than its carrying amount. If we determine that the fair value of the reporting unit may be less than its carrying amount, we evaluate goodwill using a two-step impairment test. Otherwise, we conclude that no impairment is indicated and we do not perform the two-step impairment test. In 2014, this assessment was performed for the NAR and LAR operating segments, as impairment indicators do not exist for goodwill acquired in 2014.

In conducting a qualitative assessment, the Company analyzes a variety of events or factors that may influence the fair value of the reporting unit, including, but not limited to: the results of prior quantitative tests performed; changes in the carrying amount of the reporting unit; actual and projected operating results; 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 is less than its carrying value.

If the qualitative assessment concludes that the two-step impairment test is necessary, we first compare the book value of a reporting unit, including goodwill, with its fair value. The fair value is estimated based on a market approach and a discounted cash flow analysis, also known as the income approach, and is reconciled back to the current market capitalization for Whirlpool to ensure that the implied control premium is reasonable. If the book value of a reporting unit exceeds its fair value, we perform the second step to estimate an implied fair value of the reporting unit's goodwill by allocating the fair value of the reporting unit to all of the assets and liabilities other than goodwill (including any unrecognized intangible assets). The difference between the total fair value of the reporting unit and the fair value of all the assets and liabilities other than goodwill is the implied fair value of that goodwill. The amount of impairment loss is equal to the excess of the book value of the goodwill over the implied fair value of that goodwill.

Evaluating Goodwill - Results and Significant Assumptions

Based on the favorable results of the qualitative assessment conducted on October 1, 2014, there was no goodwill impairment charge recorded in 2014.

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

For our North America reporting unit, our qualitative assessment included a review of the events and factors outlined above. Our last quantitative test was performed in 2011. Significant weight was provided to the following factors, as we determined that these items have the most significant impact on the fair value of this reporting unit.

- Operating profit margins remain strong for the third consecutive year at 10.1% in 2014 compared to 10.5% and 8.8% in 2013 and 2012, respectively. Margins have been driven by higher net sales, ongoing cost productivity, the benefit of cost and capacity-reduction initiatives, as well as our continued ability to deliver innovative and consumer relevant products to the marketplace. The improvement in operating margins compared to the prior quantitative assessment performed in 2011 provides significant positive evidence for the qualitative assessment.
- We experienced a 125 basis point decrease in the discount rate from our last quantitative assessment performed in 2011, primarily driven by a decrease in the risk free rate and a decline in our company specific risk premium. The decrease in the company specific risk premium is driven largely by the structural improvement in our operating model delivered through successful execution of our cost and capacity reductions and implementation of previously announced cost-based price increases since 2011. The decrease in the discount rate provides significant positive evidence for the qualitative assessment.

The implied increases to the fair value of our North America reporting unit noted above are further supported by an increase in our overall market capitalization of approximately \$11 billion, or approximately 280%, as of October 1, 2014, compared to the prior quantitative assessment in 2011. This increase is largely attributable to the improved operating performance of the North America reporting unit.

Intangible Valuations

We evaluate certain indefinite-lived intangibles using a qualitative assessment to determine whether it is more likely than not that the fair value of the indefinite lived intangible asset is less than its carrying amount. If we determine that the fair value may be less than its carrying amount, the fair value of the trademark is estimated and compared to its carrying value to determine if an impairment exists. Otherwise, we conclude that no impairment is indicated and we do not perform the quantitative test.

When the qualitative assessment is not utilized and a quantitative test is performed, we estimate the fair value of these intangible assets using the relief-from-royalty method, which requires assumptions related to projected revenues from our annual long-range plan; 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 recognize an impairment loss when the estimated fair value of the indefinite-lived intangible asset is less than its carrying value.

Evaluating Trademarks - Results and Significant Assumptions

We performed a qualitative assessment for one trademark, with a value of approximately \$18 million. Our prior quantitative test performed in 2011 indicated that the fair value for this trademark exceeded its respective carrying value by approximately 400%. Based on the qualitative assessment conducted on October 1, 2014, we concluded that it was more likely than not that the fair value of this trademark was greater than its respective carrying value, therefore no impairment was recorded.

Based on the results of our impairment test performed as of October 1, 2014, impairment of two trademarks was determined to exist, primarily driven by a change in our brand strategy in EMEA as a result of the acquisition of Indesit and resulted in a charge of approximately \$12 million. The fair values of all other trademarks tested exceed their carrying values by more than 10% with the exception of one North American trademark. The fair value of this trademark exceeded its carrying value of approximately \$1 billion by 5%. The fair value of this trademark was lower in 2014, as a result of extended transitions to deliver product innovation in North America. We invested significantly in this trademark in 2014 and are on track to deliver these new products in 2015.

In performing the quantitative test, significant assumptions used in our relief from royalty model as of October 1, 2014 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 annual long range plan and vary from brand to brand. Adverse changes in the operating environment for the appliance industry or our inability to grow revenues at the forecasted rates may result in a future impairment charge. We performed a sensitivity analysis on our estimated fair value noting that a 10% reduction of forecasted revenues would result in an impairment of approximately \$56 million.

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

- In determining royalty rates for the valuation of our trademarks, we considered factors that affect the intrinsic royalty rates that would hypothetically be paid for the use of the trademark. The most significant factors in determining the intrinsic 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 a given market segment. Based on this analysis, we determined royalty rates of 2% to 3% for our value brands, 3.5% to 4% for our mass market brands and 6% for our super premium brand. We performed a sensitivity analysis on our estimated fair value noting that a 100 basis point reduction of the royalty rates for each brand would result in an impairment of approximately \$175 million.
- In developing discount rates for the valuation of our trademarks, we used the industry average weighted average cost of capital as the base, adjusted for the 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 discount rates ranging from 8.5% to 10.25%. We performed a sensitivity analysis on our estimated fair value noting that an increase in the discount rates used for the valuation of 100 basis points would result in an impairment of approximately \$100 million.

Many of the factors used in assessing fair value are outside the control of management and it is reasonably likely that assumptions and estimates can change in future periods. These changes can result in future impairments.

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

ISSUED BUT NOT YET EFFECTIVE ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued 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 annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and is to be applied using one of two retrospective application methods, with early application not permitted. We have not yet determined the potential effects on the Consolidated Condensed Financial Statements, if any.

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

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. Embraco also has resolved certain other claims and certain claims remain pending. Additional lawsuits could be filed.

At December 31, 2014, \$25 million remains accrued, with installment payments of \$21 million, plus interest, remaining to be made to government authorities at various times through 2015. We continue to defend these actions and take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

BEFIEX Credits and Other 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 are monetized. We monetized \$14 million, \$109 million and \$37 million of export credits in 2014, 2013 and 2012, respectively. We began recognizing BEFIEX credits in accordance with prior favorable court decisions allowing for the credits to be recognized. We recognized export credits as they were monetized.

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

In December 2013, the Brazilian government reinstated the monetary adjustment index applicable to BEFIEEX credits that existed prior to July 2009, when the Brazilian government required companies to apply a different monetary adjustment index to BEFIEEX credits. As of December 31, 2014, no BEFIEEX credits deemed to be available prior to this action remained to be monetized. Whether use of the reinstated index should be given retroactive effect for the July 2009 to December 2013 period is currently being reviewed by the Brazilian courts. If the reinstated index is given retroactive effect, we would be entitled to recognize additional credits. The outcome and timing of the Brazilian court decisions remains uncertain.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe BEFIEEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of December 31, 2014. The total amount of outstanding tax assessments received for income and social contribution taxes relating to the BEFIEEX credits, including interest and penalties, is approximately 1.4 billion Brazilian reais (approximately \$533 million as of December 31, 2014).

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 204 million Brazilian reais (approximately \$78 million as of December 31, 2014), reflecting interest and penalties to date. We are disputing these assessments and we intend to vigorously defend our position. Based on the opinion of our tax and legal advisors, we have not recorded an additional reserve related to these matters.

In 2001, Brazil adopted a law making the profits of controlled foreign corporations of Brazilian entities subject to income and social contribution tax regardless of whether the profits were repatriated ("CFC Tax"). Our Brazilian subsidiary, along with other corporations, challenged tax assessments on foreign profits on constitutionality and other grounds. In April 2013, the Brazilian Supreme Court ruled in our case, 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, 2014, 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 178 million Brazilian reais (approximately \$67 million as of December 31, 2014). 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, 2014.

In December 2013, we entered into a Brazilian government program to settle long standing disputes. Participation in the program removed uncertainty related to 16 assessments that were previously under dispute and significantly reduces potential penalties and interest associated with these matters. Our participation will result in total payments including principal, interest, and penalties of 75 million Brazilian reais (approximately \$28 million as of December 31, 2014), paid in 30 monthly installments from December 2013.

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

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve, during which time the amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

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

Other Litigation

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

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

Other Matters

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

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

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; (2) acquisition and investment-related risk, including risk associated with our acquisitions of Hefei Sanyo and Indesit, and risk associated with our increased presence in emerging markets; (3) Whirlpool's ability to continue its relationship with significant trade customers and the ability of these trade customers to maintain or increase market share; (4) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from natural disasters or terrorist attacks; (5) fluctuations in the cost of key materials (including steel, plastic, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (6) the ability of Whirlpool to manage foreign currency fluctuations; (7) litigation, tax, and legal compliance risk and costs, especially costs which may be materially different from the amount we expect to incur or have accrued for; (8) the effects and costs of governmental investigations or related actions by third parties; (9) changes in the legal and regulatory environment including environmental and health and safety regulations; (10) Whirlpool's ability to maintain its reputation and brand image; (11) the ability of Whirlpool to achieve its business plans, productivity improvements, cost control, price increases, leveraging of its global operating platform, and acceleration of the rate of innovation; (12) information technology system failures and data security breaches; (13) product liability and product recall costs; (14) inventory and other asset risk; (15) changes in economic conditions which affect demand for our products, including the strength of the building industry and the level of interest rates; (16) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (17) the uncertain global economy; (18) our ability to attract, develop and retain executives and other qualified employees; (19) the impact of labor relations; (20) Whirlpool's ability to obtain and protect intellectual property rights; and (21) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans.

We undertake no obligation to update any forward-looking statement, and investors are advised to review disclosures in our filings with the SEC. It is not possible to foresee or identify all factors that could cause actual results to differ from expected or historic results. Therefore, investors should not consider the foregoing factors to be an exhaustive statement of all risks, uncertainties, or factors that could potentially cause actual results to differ from forward-looking statements.

Additional information concerning these and other factors can be found in "Risk Factors" in Item 1A of this report.

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

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, operation and compliance and reporting risk. 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. Foreign currency contracts are sensitive to changes in foreign currency exchange rates. At December 31, 2014, 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 or loss of approximately \$65-\$80 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, 2014, a 10% favorable or unfavorable shift in commodity prices would have resulted in an incremental gain or loss of approximately \$40 million, respectively, related to these contracts.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

	2014	2013	2012
Net sales	\$ 19,872	\$ 18,769	\$ 18,143
Expenses			
Cost of products sold	16,477	15,471	15,250
Gross margin	3,395	3,298	2,893
Selling, general and administrative	2,038	1,828	1,757
Intangible amortization	33	25	30
Restructuring costs	136	196	237
Operating profit	1,188	1,249	869
Other income (expense)			
Interest and sundry income (expense)	(142)	(155)	(112)
Interest expense	(165)	(177)	(199)
Earnings before income taxes	881	917	558
Income tax expense	189	68	133
Net earnings	692	849	425
Less: Net earnings available to noncontrolling interests	42	22	24
Net earnings available to Whirlpool	\$ 650	\$ 827	\$ 401
Per share of common stock			
Basic net earnings available to Whirlpool	\$ 8.30	\$ 10.42	\$ 5.14
Diluted net earnings available to Whirlpool	\$ 8.17	\$ 10.24	\$ 5.06
Weighted-average shares outstanding (in millions)			
Basic	78.3	79.3	78.1
Diluted	79.6	80.8	79.3

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)

	2014	2013	2012
Net earnings	\$ 692	\$ 849	\$ 425
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments	(392)	(122)	(36)
Derivative instruments:			
Net gain (loss) arising during period	10	(9)	(17)
Less: reclassification adjustment for gain (loss) included in net earnings	11	(11)	(25)
Derivative instruments, net	(1)	2	8
Marketable securities:			
Net gain arising during period	—	7	2
Less: reclassification adjustment for loss included in net earnings	—	—	(7)
Marketable securities, net	—	7	9
Defined benefit pension and postretirement plans:			
Prior service (cost) credit arising during period	(11)	(2)	2
Net gain (loss) arising during period	(242)	475	(384)
Less: amortization of prior service credit (cost) and actuarial (loss)	(20)	(35)	38
Defined benefit pension and postretirement plans, net:	(233)	508	(420)
Other comprehensive income (loss), before tax	(626)	395	(439)
Income tax benefit (expense) related to items of other comprehensive income (loss)	80	(165)	130
Other comprehensive income (loss), net of tax	\$ (546)	\$ 230	\$ (309)
Comprehensive income	\$ 146	\$ 1,079	\$ 116
Less: comprehensive income, available to noncontrolling interests	38	19	20
Comprehensive income available to Whirlpool	\$ 108	\$ 1,060	\$ 96

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

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

	2014	2013
Assets		
Current assets		
Cash and equivalents	\$ 1,026	\$ 1,380
Accounts receivable, net of allowance of \$154 and \$73, respectively	2,768	2,005
Inventories	2,740	2,408
Deferred income taxes	417	549
Prepaid and other current assets	1,147	680
Total current assets	8,098	7,022
Property, net of accumulated depreciation of \$5,959 and \$6,278, respectively	3,981	3,041
Goodwill	2,807	1,724
Other intangibles, net of accumulated amortization of \$267 and \$237, respectively	2,803	1,702
Deferred income taxes	1,900	1,764
Other noncurrent assets	413	291
Total assets	\$ 20,002	\$ 15,544
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 4,730	\$ 3,865
Accrued expenses	852	710
Accrued advertising and promotions	673	441
Employee compensation	499	456
Notes payable	569	10
Current maturities of long-term debt	234	607
Other current liabilities	846	705
Total current liabilities	8,403	6,794
Noncurrent liabilities		
Long-term debt	3,544	1,846
Pension benefits	1,123	930
Postretirement benefits	446	458
Other noncurrent liabilities	690	482
Total noncurrent liabilities	5,803	3,716
Stockholders' equity		
Common stock, \$1 par value, 250 million shares authorized, 110 million and 109 million shares issued, and 78 million and 77 million shares outstanding, respectively	110	109
Additional paid-in capital	2,555	2,453
Retained earnings	6,209	5,784
Accumulated other comprehensive loss	(1,840)	(1,298)
Treasury stock, 32 million shares	(2,149)	(2,124)
Total Whirlpool stockholders' equity	4,885	4,924
Noncontrolling interests	911	110
Total stockholders' equity	5,796	5,034
Total liabilities and stockholders' equity	\$ 20,002	\$ 15,544

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)

	2014	2013	2012
Operating activities			
Net earnings	\$ 692	\$ 849	\$ 425
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	560	540	551
Curtailed gain	—	—	(52)
Increase (decrease) in LIFO inventory reserve	9	(26)	(13)
Brazilian collection dispute	—	—	(275)
Changes in assets and liabilities (net of effects of acquisitions):			
Accounts receivable	(90)	(65)	47
Inventories	40	(86)	(7)
Accounts payable	359	275	240
Accrued advertising and promotions	121	28	(13)
Accrued expenses and current liabilities	(232)	82	—
Taxes deferred and payable, net	49	(105)	(68)
Accrued pension and postretirement benefits	(181)	(184)	(227)
Employee compensation	(17)	(23)	249
Other	169	(23)	(161)
Cash provided by operating activities	<u>1,479</u>	<u>1,262</u>	<u>696</u>
Investing activities			
Capital expenditures	(720)	(578)	(476)
Proceeds from sale of assets and business	21	6	10
Change in restricted cash	74	—	—
Acquisition of Indesit Company S.p.A.	(1,356)	—	—
Acquisition of Hefei Rongshida Sanyo Electric Co., Ltd.	(453)	—	—
Investment in related businesses	(16)	(6)	(28)
Other	(6)	(4)	—
Cash used in investing activities	<u>(2,456)</u>	<u>(582)</u>	<u>(494)</u>
Financing activities			
Proceeds from borrowings of long-term debt	1,483	518	322
Repayments of long-term debt	(606)	(513)	(361)
Net proceeds from short-term borrowings	63	5	6
Dividends paid	(224)	(187)	(155)
Repurchase of common stock	(25)	(350)	—
Purchase of noncontrolling interest shares	(5)	—	—
Common stock issued	38	95	43
Other	(19)	(2)	(3)
Cash provided by (used in) financing activities	<u>705</u>	<u>(434)</u>	<u>(148)</u>
Effect of exchange rate changes on cash and equivalents	(82)	(34)	5
Increase (decrease) in cash and equivalents	(354)	212	59
Cash and equivalents at beginning of year	1,380	1,168	1,109
Cash and equivalents at end of year	<u>\$ 1,026</u>	<u>\$ 1,380</u>	<u>\$ 1,168</u>
Supplemental disclosure of cash flow information			
Cash paid for interest	\$ 172	\$ 179	\$ 197
Cash paid for income taxes	\$ 140	\$ 158	\$ 177

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 Loss	Treasury Stock/ Additional Paid-in-Capital	Common Stock	Non-Controlling Interests
Balances, December 31, 2011	\$ 4,280	\$ 4,922	\$ (1,226)	\$ 379	\$ 106	\$ 99
Comprehensive income						
Net earnings	425	401	—	—	—	24
Other comprehensive loss	(309)	—	(305)	—	—	(4)
Comprehensive income	116	401	(305)	—	—	20
Cumulative adjustment, equity method investment	(18)	(18)	—	—	—	—
Stock issued	159	—	—	157	2	—
Dividends declared	(170)	(158)	—	—	—	(12)
Balances, December 31, 2012	4,367	5,147	(1,531)	536	108	107
Comprehensive income						
Net earnings	849	827	—	—	—	22
Other comprehensive income	230	—	233	—	—	(3)
Comprehensive income	1,079	827	233	—	—	19
Stock issued (repurchased)	(206)	—	—	(207)	1	—
Dividends declared	(206)	(190)	—	—	—	(16)
Balances, December 31, 2013	5,034	5,784	(1,298)	329	109	110
Comprehensive income						
Net earnings	692	650	—	—	—	42
Other comprehensive loss	(546)	—	(542)	—	—	(4)
Comprehensive income	146	650	(542)	—	—	38
Stock issued	59	—	—	58	1	—
Dividends declared	(244)	(225)	—	—	—	(19)
Acquisitions	801	—	—	19	—	782
Balances, December 31, 2014	\$ 5,796	\$ 6,209	\$ (1,840)	\$ 406	\$ 110	\$ 911

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

General Information

Whirlpool Corporation, a Delaware corporation, is the world's leading manufacturer and marketer of major home appliances. Whirlpool manufactures products in 14 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* and *Indesit*. Whirlpool's reportable segments consist of North America, Latin America, EMEA (Europe, Middle East and Africa) and Asia.

Principles of Consolidation

Our Consolidated Financial Statements include all majority-owned subsidiaries. All 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.

Reclassifications

We reclassified certain prior period amounts in our Consolidated Financial Statements to be consistent with current period presentation. The effect of these reclassifications is not material.

Use of Estimates

We are required to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Revenue Recognition

Sales are recorded when title passes 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. Allowances for estimated returns are made on sales of certain products based on historical return rates for the products involved.

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.

Securitization of Financing Receivables / Variable Interest Entities

Indesit, acquired by Whirlpool in the fourth quarter of 2014, has maintained a securitization program since 2010. The securitization involves the without-recourse sale of trade receivables by Indesit. The receivables are acquired by special purpose entities ("SPEs") which are financed by the issuance of securities whose repayment is guaranteed by the cash flows generated by the receivables sold.

At December 31, 2014, liabilities related to the securitization were comprised of senior securities issued on the asset-backed security market and totaled \$88 million. At the same date, financial receivables represented by junior securities total \$53 million, cash not yet collected on receivables sold was \$38 million and cash held by the SPEs (reflected in other current assets due to its restricted use for debt repayment) was \$5 million. At December 31, 2014, \$35 million from the securitization is included in Whirlpool's notes payable balance.

The SPEs related to the securitization are designed to create and pass along debt proceeds and related debt expenses to Indesit, its interest holder. Additionally, Indesit has the ability to directly impact the activities of these entities. Therefore, these entities are considered variable interest entities and Indesit is considered the primary beneficiary of these entities. Accordingly, the results of these entities have been consolidated into Whirlpool's financial results at December 31, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Whirlpool stopped the sale of receivables related to the securitization beginning in December 2014. We anticipate exiting this debt securitization by the end of the first quarter of 2015.

Freight and Warehousing Costs

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

Cash and Equivalents

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

Restricted Cash

Restricted cash relates to the private placement funds paid by Whirlpool to acquire a portion of the shares needed to acquire majority control of Hefei Sanyo in October 2014. The restricted cash is used to fund capital and technical resources to enhance Hefei Sanyo's research and development and working capital. As of December 31, 2014, restricted cash was approximately \$237 million of which approximately \$50 million is recorded in other current assets, 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. We had no Level 3 assets or liabilities at December 31, 2014 and 2013, with the exception of those disclosed in Note 13.

We measured fair value for money market funds and available for sale investments 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.

Inventories

Inventories are stated at first-in, first-out ("FIFO") cost, except United States production inventories, which are stated at last-in, first-out ("LIFO") cost, and Latin America, Asia and certain EMEA inventories, which are stated at average cost. Costs do not exceed net realizable values. See Note 5 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 Hefei Sanyo and Indesit acquisitions. For nonproduction assets and assets acquired from Hefei Sanyo and Indesit, as of December 31, 2014 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 \$527 million, \$515 million and \$521 million in 2014, 2013 and 2012, respectively.

The following table summarizes our property as of December 31, 2014 and 2013:

Millions of dollars	2014	2013	Estimated Useful Life
Land	\$ 142	\$ 76	n/a
Buildings	1,616	1,303	10 to 50 years
Machinery and equipment	8,182	7,940	3 to 25 years
Accumulated depreciation	(5,959)	(6,278)	
Property, net	<u>\$ 3,981</u>	<u>\$ 3,041</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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. We retired approximately \$503 million and \$282 million of machinery and equipment no longer in use during 2014 and 2013, respectively. Net gains and losses recognized in cost of products sold were not material for 2014, 2013 and 2012.

We record impairment losses on long-lived assets, excluding goodwill and intangibles, when events and circumstances indicate the assets may be impaired and the estimated future cash flows generated by those assets are less than their carrying amounts. There were no significant impairments recorded during 2014, 2013 and 2012.

Goodwill and Other Intangibles

We evaluate goodwill using a qualitative assessment to determine whether it is more likely than not that the fair value of any reporting unit is less than its carrying amount. If we determine that the fair value of the reporting unit may be less than its carrying amount, we evaluate goodwill using a two-step impairment test. Otherwise, we conclude that no impairment is indicated and we do not perform the two-step impairment test.

If the qualitative assessment concludes that the two-step impairment test is necessary, we first compare the book value of a reporting unit, including goodwill, with its fair value. The fair value is estimated based on a market approach and a discounted cash flow analysis, also known as the income approach, and is reconciled back to the current market capitalization for Whirlpool to ensure that the implied control premium is reasonable. If the book value of a reporting unit exceeds its fair value, we perform the second step to estimate an implied fair value of the reporting unit's goodwill by allocating the fair value of the reporting unit to all of the assets and liabilities other than goodwill (including any unrecognized intangible assets). The difference between the total fair value of the reporting unit and the fair value of all the assets and liabilities other than goodwill is the implied fair value of that goodwill. The amount of impairment loss is equal to the excess of the book value of the goodwill over the implied fair value of that goodwill.

We evaluate certain indefinite-lived intangibles using a qualitative assessment to determine whether it is more likely than not that the fair value of the indefinite lived intangible asset is less than its carrying amount. If we determine that the fair value may be less than its carrying amount, the fair value of the trademark is estimated and compared to its carrying value to determine if an impairment exists. Otherwise, we conclude that no impairment is indicated and we do not perform the quantitative test.

When the qualitative assessment is not utilized and a quantitative test is performed, we estimate the fair value of these intangible assets using the relief-from-royalty method, which requires assumptions related to projected revenues from our annual long-range plan; 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 recognize an impairment loss when the estimated fair value of the indefinite-lived intangible asset is less than its carrying value.

Definite lived intangible assets are amortized over their estimated useful life. See Note 3 for additional information about goodwill and intangible assets.

Accounts Payable Outsourcing

We offer our suppliers access to third party payable processors. Independent of 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, 2014 and 2013, approximately \$1.6 billion and \$1.3 billion, respectively, have been sold by suppliers to participating financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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 in the period of change in fair value together 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 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 8 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 \$563 million, \$582 million and \$553 million in 2014, 2013 and 2012, respectively.

Advertising Costs

Advertising costs are charged to expense when the advertisement is first communicated and totaled \$269 million, \$304 million and \$273 million in 2014, 2013 and 2012, 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 bases 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 enactment date.

We recognize, in other current and noncurrent liabilities, in the Consolidated Balance Sheets, effects of an uncertain income tax position when it is more likely than not, based on technical merits, that the position will be sustained upon examination. We accrue for other 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 for additional information about income taxes.

Stock Based Compensation

We recognize stock based compensation expense based on the grant date fair value of the award over the period during which an employee is required to provide service in exchange for the award (generally the vesting period). The fair value of stock options is determined using the Black-Scholes option-pricing model, which incorporates assumptions regarding the risk-free interest rate, expected volatility, expected option life and dividend yield. 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 for additional information about stock based compensation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

BEFIEX Credits

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEX). 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 Note 7 and Note 12 for additional information regarding BEFIEX credits.

New Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." This new guidance is effective prospectively for annual reporting periods beginning on or after December 15, 2013 and interim periods therein. ASU 2013-11 provides guidance on the presentation of unrecognized tax benefits, reflecting the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. We adopted the provisions of this amendment during the first quarter of 2014, which resulted in a reclassification between other non-current liabilities and non-current deferred income tax assets of approximately \$53 million. The adoption did not change existing recognition and measurement requirements in our Consolidated Financial Statements.

In May 2014, the FASB issued 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 annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and is to be applied using one of two retrospective application methods, with early application not permitted. We have not yet determined the potential effects from this pronouncement on the Consolidated Financial Statements, if any.

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

(2) ACQUISITIONS

Hefei Rongshida Sanyo Electric Co., Ltd.

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

Pursuant to a Share Purchase Agreement among Whirlpool China, SANYO Electric Co., Ltd. ("Sanyo Japan"), and SANYO Electric (China) Co., Ltd. ("Sanyo China", and together with Sanyo Japan, the "Sellers"), on October 20, 2014, Whirlpool China completed its purchase of the 157 million shares (or 29.51%) of Hefei Sanyo currently held by the Sellers (such transaction, the "Share Purchase") for RMB 1.4 billion (approximately \$230 million at the date of purchase).

On October 24, 2014, pursuant to a Share Subscription Agreement (the "Share Subscription Agreement") between Whirlpool China and Hefei Sanyo, Whirlpool China completed its subscription for 234 million shares (which, together with shares purchased pursuant to the Share Purchase Agreement, aggregated 51%) of Hefei Sanyo pursuant to a private placement (such transaction, the "Share Subscription") for RMB 2.0 billion (approximately \$321 million at the date of purchase). Pursuant to the Share Subscription Agreement and as required by the law of the People's Republic of China, Whirlpool China will be prevented from selling any shares of Hefei Sanyo for 36 months from the date of acquisition.

The aggregate purchase price for the Share Purchase and the Share Subscription was RMB 3.4 billion (approximately \$551 million at the dates of purchase). The purchase price for the Share Purchase was payable in USD based on the exchange rate as of August 9, 2013. The Company funded the total consideration for the shares with cash on hand. The cash paid for the Share Subscription is considered restricted cash, which will be used to fund capital and technical resources to enhance Hefei Sanyo's research and development and working capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Indesit Company S.p.A.

On July 10, 2014, we entered into share purchase agreements with (i) Fineldo S.p.A. (“Fineldo”, and the share purchase agreement with Fineldo, the “Fineldo SPA”), a company incorporated under the laws of Italy, concerning the purchase and sale of 42.7% of the issued share capital (the “Fineldo Shares”) of Indesit, a joint stock company incorporated under the laws of Italy whose shares are listed on the stock market organized and managed by Borsa Italiana S.p.A., (ii) Ms. Franca Carloni, Mr. Aristide Merloni, Mr. Andrea Merloni, Ms. Maria Paola Merloni, Ms. Antonella Merloni, Ms. Ester Merloni, Fines S.p.A. and, following approval by the Court of Ancona, Mr. Vittorio Merloni (the “Family SPA”), collectively concerning the purchase and sale of 13.2% of Indesit’s issued share capital (the “Family Shares”), and (iii) Ms. Claudia Merloni (the “Claudia Merloni SPA” and, together with the Fineldo SPA and the Family SPA, the “Stock Purchase Agreements”) concerning the purchase and sale of 4.4% of Indesit’s issued share capital (the “Claudia Merloni Shares”).

On October 14, 2014, we completed our acquisition of the Fineldo Shares under the Fineldo SPA and our acquisition of the Family Shares under the Family SPA. We completed our acquisition of the Claudia Merloni Shares under the Claudia Merloni SPA on July 17, 2014. In the aggregate, pursuant to the Stock Purchase Agreements, we acquired 60.4% of Indesit’s issued share capital. This represents 66.8% of Indesit’s issued and outstanding stock. The aggregate purchase price for the Fineldo Shares was €537 million (approximately \$680 million at the date of purchase). The aggregate purchase price for the Family Shares was €166 million (approximately \$210 million at the date of purchase). The aggregate purchase price for the Claudia Merloni Shares was €55 million (approximately \$75 million at the date of purchase). The Company funded the aggregate purchase price for the Fineldo Shares and Family Shares through borrowings under our credit facility, and repaid a portion of such borrowings through the issuance of an aggregate principal amount of \$650 million in senior notes on November 4, 2014.

On November 26, 2014, we announced in Italy the final results for the mandatory tender offer for the remaining outstanding shares of Indesit. Settlement and closing of the mandatory tender offer occurred on November 28, 2014. We received tenders for a number of shares equal to 91.4% of the total shares available for purchase in the mandatory tender offer, increasing our aggregate ownership interest in Indesit’s issued share capital to 97.1%. The aggregate purchase price for the shares purchased at settlement of the mandatory tender offer was €344 million (approximately \$429 million as of the date of purchase).

On December 3, 2014, Whirlpool purchased all remaining shares of Indesit and Indesit delisted from the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. Total consideration paid for Indesit was \$1.4 billion in aggregate net of cash acquired.

We funded the aggregate purchase price for the tender offer and remaining shares through borrowings under our credit facility and through borrowings under our commercial paper programs, and intend to repay such borrowings in the future through public debt financing.

Purchase Price Allocations

The Company is in the process of finalizing independent appraisals for the purpose of allocating the purchase price to the individual assets acquired and liabilities assumed in the Hefei Sanyo and Indesit acquisitions. This is expected to result in adjustments to the carrying values of recorded assets and liabilities, refinement of amounts recorded for certain intangible assets, revisions of the useful lives of intangible assets, some of which will have indefinite lives not subject to amortization, and the determination of any residual amount that will be allocated to goodwill. The preliminary allocation of the purchase prices included in the current period balance sheet is based on the best estimates of management and is subject to revision based on final determination of asset fair values and useful lives. The related depreciation and amortization expense from the acquired assets is also subject to such revisions on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table presents the preliminary allocation of purchase price related to the Hefei Sanyo and Indesit acquisitions, as of their respective dates of acquisition:

Millions of dollars	Hefei Sanyo ⁽¹⁾	Indesit
Cash	\$ 98	\$ 77
Accounts receivable	81	891
Inventory	137	471
Other current assets	354	288
Property, plant and equipment	169	854
Goodwill	451	667
Identified intangible assets	372	822
Other non-current assets	317	162
Total assets acquired	1,979	4,232
Accounts payable	(181)	(631)
Short-term notes payable	(226)	(555)
Other current liabilities	(91)	(622)
Non-current liabilities	(133)	(987)
Total liabilities assumed	(631)	(2,795)
Net assets acquired	\$ 1,348	\$ 1,437

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

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

The Company has preliminarily estimated the fair value of Hefei Sanyo and Indesit 's identifiable intangible assets as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Pro Forma Results of Operations

The results of Hefei Sanyo and Indesit's operations have been included in the Consolidated Financial Statements beginning October 24, 2014 and October 14, 2014, respectively. Within Whirlpool's Consolidated Statement of Income for 2014, Hefei Sanyo and Indesit represented \$994 million of net sales and \$15 million of net earnings, which excludes certain non-recurring acquisition-related costs and investment expenses.

The following table provides pro forma results of operations for the years ended December 31, 2014 and 2013, as if Hefei Sanyo and Indesit had been acquired as of January 1, 2013. The pro forma results include certain purchase accounting adjustments such as the estimated changes in depreciation and amortization expense on acquired tangible and intangible assets as well as interest expense on borrowings used to finance the acquisitions. Additionally, the pro forma results include adjustments to convert Hefei Sanyo and Indesit's historical results from local accounting standards to U.S. GAAP. Pro forma results do not include any anticipated cost savings or other effects of the planned integration of these acquisitions. Accordingly, such amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the dates indicated or that may result in the future.

Millions of dollars, except per share data	Year Ended December 31,	
	2014	2013
Net sales	\$ 23,204	\$ 23,109
Net earnings available to Whirlpool	691	791
Diluted net earnings per share	\$ 8.68	\$ 9.79

Certain non-recurring acquisition-related costs and investment expenses of \$30 million and \$60 million were recorded by Whirlpool during 2014 related to the acquisitions of Hefei Sanyo and Indesit, respectively. Of these costs, \$55 million were recorded in interest and sundry income (expense), with the remaining being recorded in selling, general and administrative. In 2013, we incurred \$21 million of non-recurring acquisition-related costs and investment expenses, all of which related to Hefei Sanyo. Of these costs, \$15 million were recorded in interest and sundry income (expense), with the remaining being recorded in selling, general and administrative. These costs have been eliminated from the pro forma information presented above in both periods.

(3) GOODWILL AND OTHER INTANGIBLES

We evaluate goodwill and indefinite lived intangibles for impairment annually on October 1.

Goodwill

We performed our assessment as of October 1, 2014, and determined there was no impairment of goodwill. The total net carrying amount of goodwill was \$2.8 billion at December 31, 2014, with \$1.7 billion in our North America operating segment, \$639 million in our EMEA operating segment, \$449 million in our Asia operating segment and \$4 million in our Latin America operating segment. At December 31, 2013 the total net carrying amount of goodwill was \$1.7 billion, with \$1.7 billion in our North America operating segment and \$4 million in our Latin America operating segment.

The increase in carrying value of EMEA and Asia goodwill is driven by the Hefei Sanyo and Indesit acquisitions in 2014, net of foreign currency impact of \$2 million and \$28 million, respectively. Further discussion of these transactions can be found in our MD&A under "Hefei Sanyo Acquisition," "Indesit Acquisition" and in Note 2.

Other Intangible Assets

Based on the results of our annual assessment as of October 1, 2014, we determined that there were no impairments to our intangibles, with the exception of two European trademarks which had a pre-impairment carrying value of \$30 million, where we recognized a \$12 million impairment charge within selling, general and administrative expense during the fourth quarter 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table summarizes other intangible assets at December 31, 2014 and 2013 :

Millions of dollars	2014			2013		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Other intangible assets, finite lives:						
Customer relationships ⁽¹⁾	\$ 665	\$ (163)	\$ 502	\$ 289	\$ (125)	\$ 164
Patents and other ⁽²⁾	348	(104)	244	128	(112)	16
Total other intangible assets, finite lives	\$ 1,013	\$ (267)	\$ 746	\$ 417	\$ (237)	\$ 180
Trademarks, indefinite lives	2,057	—	2,057	1,522	—	1,522
Total other intangible assets	\$ 3,070	\$ (267)	\$ 2,803	\$ 1,939	\$ (237)	\$ 1,702

(1) Customer relationships have an estimated useful life of 4 to 19 years.

(2) Patents and other intangibles have an estimated useful life of 4 to 15 years.

The following table summarizes our future estimated amortization expense by year:

Millions of dollars	
2015	\$ 78
2016	75
2017	72
2018	70
2019	67

(4) FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Money market funds ⁽¹⁾	\$ 21	\$ 465	\$ 21	\$ 465	\$ —	\$ —	\$ 21	\$ 465
Net derivative contracts	—	—	—	—	(1)	(25)	(1)	(25)
Available for sale investments	16	8	26	18	—	—	26	18

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

In March 2014, we sold approximately 7.4 million shares held in Alno AG, a long-standing European customer, for approximately \$5 million. This transaction resulted in the conversion of our investment from the equity method of accounting to an available for sale investment due to our less than 20% overall investment in Alno AG.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(5) INVENTORIES

The following table summarizes our inventories at December 31, 2014 and 2013 :

Millions of dollars	2014	2013
Finished products	\$ 2,189	\$ 1,950
Raw materials and work in process	724	622
	<u>2,913</u>	<u>2,572</u>
Less: excess of FIFO cost over LIFO cost	(173)	(164)
Total inventories	<u>\$ 2,740</u>	<u>\$ 2,408</u>

LIFO inventories represented 35% and 39% of total inventories at December 31, 2014 and 2013 , respectively.

(6) FINANCING ARRANGEMENTS

Long-Term Debt

The following table summarizes our long-term debt at December 31, 2014 and 2013 :

Millions of dollars	2014	2013
Maytag medium-term note - 6.45% matured 2014	\$ —	\$ 100
Senior note - 8.6%, matured 2014	—	500
Maytag medium-term note - 5.0% maturing 2015	199	198
Senior note - 6.5%, maturing 2016	250	250
Debentures - 7.75%, maturing 2016	244	244
Senior note - 1.35%, maturing 2017	250	—
Senior note - 1.65%, maturing 2017	300	—
Indesit guaranteed notes - 4.5%, maturing 2018	393	—
Senior note - 2.4%, maturing 2019	250	—
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 - 4.0%, maturing 2024	300	—
Senior note - 3.7%, maturing 2025	350	—
Senior note - 5.15% maturing 2043	249	250
Other	143	61
	<u>3,778</u>	<u>2,453</u>
Less current maturities	234	607
Total long-term debt	<u>\$ 3,544</u>	<u>\$ 1,846</u>

The following table summarizes the contractual maturities of our long-term debt, including current maturities, at December 31, 2014 :

Millions of dollars	
2015	\$ 234
2016	529
2017	580
2018	423
2019	264
Thereafter	1,748
Long-term debt, including current maturities	<u>\$ 3,778</u>

The fair value of long-term debt (including current maturities) was \$3.8 billion and \$2.6 billion at December 31, 2014 and 2013 ,

respectively, and was estimated using a discounted cash flow analysis based on incremental borrowing rates for similar types of borrowing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

We have committed credit facilities in Brazil, which provide borrowings up to 1.1 billion Brazilian reais (approximately \$429 million as of December 31, 2014) maturing at various times from 2015 to 2017. The credit facilities contain no financial covenants and we had no borrowings outstanding under these credit facilities at December 31, 2014 and 2013 .

On September 26, 2014 , we entered into a Short-Term Credit Agreement (the “364-Day Facility” and together with the Long-Term Facility, the “Facilities”). The 364-Day Facility is a revolving credit facility in an aggregate amount of \$1.0 billion . The 364-Day Facility has a maturity date of September 25, 2015 . The interest and fee rates payable with respect to the 364-Day Facility based on our debt rating are as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.125% , as of the effective date of the 364-Day Facility. We had no borrowings outstanding under the 364-Day Facility at December 31, 2014 .

On September 26, 2014 , we entered into a Second Amended and Restated Long-Term Credit Agreement (the “Long-Term Facility”). The Long-Term Facility amends, restates and extends the Company's prior five-year credit facility, which was scheduled to mature on June 28, 2016 . The Long-Term Facility increases the existing \$1.7 billion facility to an aggregate amount of \$2.0 billion , with an option to increase the total amount to up to \$2.5 billion by exercise of an accordion feature. The Long-Term Facility has a maturity date of September 26, 2019 . The Long-Term Facility includes a letter of credit sublimit of \$200 million . The Long-Term Facility decreases the interest and fee rates payable with respect to the Long-Term Facility based on our debt rating as follows: (1) the spread over LIBOR is 1.250%; (2) the spread over prime is 0.250%; and (3) the unused commitment fee is 0.15% , as of the effective date of the Long-Term Facility. We had no borrowings outstanding under the Long-Term Facility at December 31, 2014 .

The Facilities contain customary covenants and warranties including, among other things, a rolling twelve month maximum leverage ratio limited to 3.25 to 1.0 for each fiscal quarter and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit our ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on 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; and (vi) enter into agreements restricting the creation of liens on our assets. We were in compliance with financial covenant requirements at December 31, 2014 and December 31, 2013 .

We have paid lenders under the Facilities an up-front fee of approximately \$3 million .

In the fourth quarter of 2014, we acquired a committed credit facility as part of the acquisition of Indesit . At December 31, 2014 the facility provides borrowings up to €350 million (approximately \$424 million as of December 31, 2014) maturing July 29, 2016. As described in the credit agreement included as an exhibit to this Form 10-K, the credit facility contains covenants which state the guarantor, Indesit, will not permit (1) the ratio of Consolidated Net Borrowings as of any Year-End Determination Date to Consolidated EBITDA for the twelve month period ended on such Year-End Determination Date to exceed 3.00 to 1; (2) the ratio of Consolidated Net Borrowings as of any Semi Annual Determination Date to Consolidated EBITDA for the twelve month period ended on such Semi Annual Determination Date to exceed 4.00 to 1; and (3) the ratio of Consolidated EBITDA to Consolidated Net Interest for the twelve month period ending on any Determination Date to be less than 3.5 to 1. We were in compliance with financial covenant requirements at December 31, 2014 . We had no borrowings outstanding under this credit facility at December 31, 2014 .

In the fourth quarter of 2014, we assumed €300 million principal amount of 4.5% guaranteed notes from the Indesit acquisition, subscribed for by institutional investors, that are listed in Luxembourg and are due on April 26, 2018. The notes were recorded at fair value in purchase price accounting to €327 million (approximately \$393 million).

On February 25, 2014 , we completed a debt offering of \$250 million principal amount of 1.35% notes due in 2017 , \$250 million principal amount of 2.40% notes due in 2019 , and \$300 million principal amount of 4.00% notes due in 2024 . On May 1, 2014 , \$500 million of 8.60% notes matured and were repaid. On August 15, 2014 , \$100 million of 6.45% notes matured and were repaid.

On November 4, 2014 , we completed a debt offering of \$300 million principal amount of 1.65% notes due in 2017 and \$350 million principal amount of 3.70% notes due in 2025 . These notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On February 27, 2013, we completed a debt offering of \$250 million principal amount of 3.70% notes due in 2023 and \$250 million principal amount of 5.15% notes due in 2043. These notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest. In March 2013, \$500 million of 5.50% notes matured and were repaid.

Notes Payable

Notes payable, which consist of short-term borrowings payable to banks, debt securitization or commercial paper, are generally used to fund working capital requirements. The fair value of our notes payable approximates the carrying amount due to the short maturity of these obligations. The following table summarizes the carrying value of notes payable at December 31, 2014 and 2013:

Millions of dollars	2014	2013
Commercial paper	\$ 387	\$ —
Debt securitization	35	—
Short-term borrowings to banks	147	10
Total notes payable	\$ 569	\$ 10

In the fourth quarter of 2014, we financed the acquisition of Indesit with commercial paper and short-term notes, which increased our balance of notes payable at December 31, 2014.

(7) 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. Embraco also has resolved certain other claims and certain claims remain pending. Additional lawsuits could be filed.

At December 31, 2014, \$25 million remains accrued, with installment payments of \$21 million, plus interest, remaining to be made to government authorities at various times through 2015. We continue to defend these actions and take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

Brazilian Collection Dispute

We reached an agreement in June 2011 to settle all claims arising from our long-standing dispute in Brazil with Banco Safra S.A. Such settlement was subsequently approved by a Brazilian court in July 2011. Pursuant to the settlement, our subsidiary agreed to pay Banco Safra S.A. 959 million Brazilian reais, in two installments, the first of 469 million reais (equivalent to \$301 million) was made in July 2011, and the second of 490 million reais (equivalent to \$275 million) was made during January 2012.

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 are monetized. We monetized \$14 million, \$109 million and \$37 million of export credits in 2014, 2013 and 2012, respectively. We began recognizing BEFIEX credits in accordance with prior favorable court decisions allowing for the credits to be recognized. We recognized export credits as they were monetized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

In December 2013, the Brazilian government reinstated the monetary adjustment index applicable to BEFIEX credits that existed prior to July 2009, when the Brazilian government required companies to apply a different monetary adjustment index to BEFIEX credits. As of December 31, 2014, no BEFIEX credits deemed to be available prior to this action remained to be monetized. Whether use of the reinstated index should be given retroactive effect for the July 2009 to December 2013 period is currently being reviewed by the Brazilian courts. If the reinstated index is given retroactive effect, we would be entitled to recognize additional credits. The outcome and timing of the Brazilian court decisions remains uncertain.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe BEFIEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of December 31, 2014. 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 1.4 billion Brazilian reais (approximately \$533 million as of December 31, 2014).

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 204 million Brazilian reais (approximately \$78 million as of December 31, 2014), reflecting interest and penalties to date. We are disputing these assessments and we intend to vigorously defend our position. Based on the opinion of our tax and legal advisors, we have not recorded an additional reserve related to these matters.

In 2001, Brazil adopted a law making the profits of controlled foreign corporations of Brazilian entities subject to income and social contribution tax regardless of whether the profits were repatriated ("CFC Tax"). Our Brazilian subsidiary, along with other corporations, challenged tax assessments on foreign profits on constitutionality and other grounds. In April 2013, the Brazilian Supreme Court ruled in our case, 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, 2014, 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 178 million Brazilian reais (approximately \$67 million as of December 31, 2014). 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, 2014.

In December 2013, we entered into a Brazilian government program to settle long standing disputes. Participation in the program removed uncertainty related to 16 assessments that were previously under dispute and significantly reduces potential penalties and interest associated with these matters. Our participation will result in total payments including principal, interest, and penalties of 75 million Brazilian reais (approximately \$28 million as of December 31, 2014), paid in 30 monthly installments from December 2013.

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

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve, during which time the amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Other Litigation

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

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

Other Matters

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

Product Warranty Reserves

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

Millions of dollars	2014	2013
Balance at January 1	\$ 191	\$ 187
Issuances/accruals during the period ⁽¹⁾	316	292
Settlements made during the period	(272)	(288)
Balance at December 31	\$ 235	\$ 191
Current portion	\$ 186	\$ 154
Non-current portion	49	37
Total	\$ 235	\$ 191

⁽¹⁾\$61 million is included within issuances/accruals during 2014 related to acquisitions

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

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, 2014 and December 31, 2013, the guaranteed amounts totaled \$492 million and \$485 million, respectively. Our subsidiary insures against credit risk for these guarantees, under normal operating conditions, through policies purchased from high-quality underwriters. We had no losses associated with these guarantees in 2014 or 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

We provide guarantees of indebtedness and lines of credit for various consolidated subsidiaries. The maximum amount of credit facilities available under these lines for consolidated subsidiaries totaled \$1.4 billion at December 31, 2014 and \$1.3 billion at December 31, 2013 . Our total outstanding bank indebtedness under guarantees was nominal at December 31, 2014 and December 31, 2013 , respectively. In addition, we assumed \$ 1.2 billion of corporate guarantees through our acquisition of Indesit as of December 31, 2014 .

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

Operating Lease Commitments

At December 31, 2014 , we had noncancelable operating lease commitments totaling \$868 million . The annual future minimum lease payments are summarized by year in the table below :

Millions of dollars	
2015	\$ 230
2016	183
2017	150
2018	109
2019	82
Thereafter	114
Total noncancelable operating lease commitments	\$ 868

Rent expense was \$228 million , \$217 million and \$229 million for 2014 , 2013 and 2012 , respectively.

Purchase Obligations

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

Millions of dollars	
2015	\$ 209
2016	196
2017	147
2018	113
2019	65
Thereafter	211
Total purchase obligations	\$ 941

(8) HEDGES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are accounted for at fair value based on market rates. Derivatives where we elect hedge accounting are designated as either cash flow or fair value hedges. Derivatives that are not accounted for based on hedge accounting are marked to market through earnings. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. Hedging ineffectiveness and a net earnings impact occur when the change in the fair value of the hedge does not offset the change in the fair value of the hedged item. The ineffective portion of the gain or loss is recognized in earnings.

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

Hedging Strategy

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

Foreign Currency Exchange Rate Risk

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

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

Commodity Price Risk

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

Interest Rate Risk

We may enter into interest rate swap agreements to manage interest rate risk exposure. Our interest rate swap agreements, if any, effectively modify our exposure to interest rate risk, primarily through converting certain of our floating rate debt to a fixed rate basis, and certain fixed rate debt to a floating rate basis. These agreements involve either the receipt or payment of floating rate amounts in exchange for fixed rate interest payments or receipts, respectively, over the life of the agreements without an exchange of the underlying principal amounts. We also may utilize a cross-currency interest rate swap agreement to manage our exposure relating to certain intercompany debt denominated in one foreign currency that will be repaid in another foreign currency. At December 31, 2014 and 2013 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.

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, 2014 and 2013 :

Millions of dollars	Notional Amount		Fair Value of				Type of Hedge ⁽¹⁾	Maximum Term (Months)	
	2014	2013	Hedge Assets		Hedge Liabilities			2014	2013
			2014	2013	2014	2013			
Derivatives accounted for as hedges									
Foreign exchange forwards/options	\$ 874	\$ 744	\$ 27	\$ 16	\$ 8	\$ 10	(CF)	17	14
Commodity swaps/options	375	363	4	8	29	13	(CF)	36	36
Total derivatives accounted for as hedges			\$ 31	\$ 24	\$ 37	\$ 23			
Derivatives not accounted for as hedges									
Foreign exchange forwards/options	\$ 2,358	\$ 1,274	\$ 34	\$ 6	\$ 29	\$ 32	N/A	10	12
Commodity swaps/options	8	1	—	—	—	—	N/A	4	4
Total derivatives not accounted for as hedges			34	6	29	32			
Total derivatives			\$ 65	\$ 30	\$ 66	\$ 55			
Current			\$ 64	\$ 28	\$ 59	\$ 54			
Noncurrent			1	2	7	1			
Total derivatives			\$ 65	\$ 30	\$ 66	\$ 55			

(1) Derivatives accounted for as hedges are considered cash flow (CF) hedges

The increase in the notional amount of derivatives is due to derivatives acquired through the acquisition of Indesit.

The pre-tax effects of derivative instruments on our Consolidated Statements of Income and Comprehensive Income for OCI in table for the years ended December 31, 2014 and 2013 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) ⁽¹⁾		
	2014	2013	2014	2013	
	Foreign exchange forwards/options	\$ 40	\$ 20	\$ 22	
Commodity swaps/options	(30)	(29)	(10)	(19)	(a)
Interest rate derivatives	—	—	(1)	(1)	(b)
	\$ 10	\$ (9)	\$ 11	\$ (11)	

Derivatives not Accounted for as Hedges - Millions of dollars	Gain (Loss) Recognized on Derivatives not Accounted for as Hedges ⁽²⁾	
	2014	2013
Foreign exchange forwards/options	\$ 26	\$ (49)

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

⁽²⁾ 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 2014 and 2013 . There were no fair value hedges in 2014 and 2013. The net amount of unrealized gain or loss on derivative instruments included in accumulated OCI related to contracts maturing and expected to be realized during the next twelve months is nominal at December 31, 2014 .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(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 hedges, (4) changes in our unrecognized pension and other postretirement benefits and (5) changes in fair value of our available for sale marketable securities.

The following table shows the components of accumulated other comprehensive income (loss) available to Whirlpool at December 31, 2012, 2013, and 2014, and the activity for the years then ended:

Millions of dollars	Foreign Currency	Derivative Instruments	Pension and Postretirement Liability	Marketable Securities	Total
December 31, 2011	\$ (387)	\$ (13)	\$ (820)	\$ (6)	\$ (1,226)
Unrealized gain (loss)	(36)	8	—	9	(19)
Unrealized actuarial gain(loss) and prior service credit (cost)	—	—	(420)	—	(420)
Tax effect	(19)	(3)	152	—	130
Other comprehensive income (loss), net of tax	(55)	5	(268)	9	(309)
Less: Other comprehensive loss available to noncontrolling interests	(4)	—	—	—	(4)
Other comprehensive income (loss) available to Whirlpool	(51)	5	(268)	9	(305)
December 31, 2012	\$ (438)	\$ (8)	\$ (1,088)	\$ 3	\$ (1,531)
Unrealized gain (loss)	(122)	2	—	7	(113)
Unrealized actuarial gain (loss) and prior service credit (cost)	—	—	508	—	508
Tax effect	25	—	(190)	—	(165)
Other comprehensive income (loss), net of tax	(97)	2	318	7	230
Less: Other comprehensive loss available to noncontrolling interests	(3)	—	—	—	(3)
Other comprehensive income (loss) available to Whirlpool	(94)	2	318	7	233
December 31, 2013	\$ (532)	\$ (6)	\$ (770)	\$ 10	\$ (1,298)
Unrealized loss	(392)	(1)	—	—	(393)
Unrealized actuarial loss and prior service credit	—	—	(233)	—	(233)
Tax effect	(5)	—	85	—	80
Other comprehensive loss, net of tax	(397)	(1)	(148)	—	(546)
Less: Other comprehensive loss available to noncontrolling interests	(4)	—	—	—	(4)
Other comprehensive loss available to Whirlpool	\$ (393)	\$ (1)	\$ (148)	\$ —	\$ (542)
December 31, 2014	\$ (925)	\$ (7)	\$ (918)	\$ 10	\$ (1,840)

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	2014	2013	2012
Numerator for basic and diluted earnings per share – net earnings available to Whirlpool	\$ 650	\$ 827	\$ 401
Denominator for basic earnings per share – weighted-average shares	78.3	79.3	78.1
Effect of dilutive securities – stock-based compensation	1.3	1.5	1.2
Denominator for diluted earnings per share – adjusted weighted-average shares	79.6	80.8	79.3
Anti-dilutive stock options/awards excluded from earnings per share	0.2	—	2.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Dividends

Dividends per share paid to shareholders were \$2.88 , \$2.38 and \$2.00 during 2014 , 2013 and 2012 , respectively.

Repurchase Program

On April 14, 2014, our Board of Directors authorized a new share repurchase program of up to \$500 million . Share repurchases are made from time to time on the open market as conditions warrant. The program does not obligate us to repurchase any of our shares. During the twelve months ended December 31, 2014 , we repurchased 165,900 shares at an aggregate purchase price of approximately \$25 million under this program. At December 31, 2014 , there were approximately \$475 million in remaining funds authorized under this program.

(10) SHARE-BASED INCENTIVE PLANS

We sponsor several share-based employee incentive plans. Share-based compensation expense for grants awarded under these plans was \$47 million , \$50 million and \$49 million in 2014 , 2013 , and 2012 , respectively. Related income tax benefits recognized in earnings were \$16 million , \$17 million and \$17 million in 2014 , 2013 , and 2012 , respectively.

At December 31, 2014 , unrecognized compensation cost related to non-vested stock option and stock unit awards totaled \$49 million . The cost of these non-vested awards is expected to be recognized over a weighted-average remaining vesting period of 29 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, 2014 , approximately 7.6 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 2014 , 2013 , and 2012 were \$42.09 , \$33.92 and \$19.54 , respectively, using the following assumptions:

Weighted Average Black-Scholes Assumptions	2014	2013	2012
Risk-free interest rate	1.5%	0.9%	0.9%
Expected volatility	38.2%	40.3%	40.3%
Expected dividend yield	1.8%	1.8%	2.9%
Expected option life, in years	5	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Stock Option Activity

The following table summarizes stock option activity during 2014 :

In thousands, except per share data	Number of Options	Weighted- Average Exercise Price
Outstanding at January 1	2,255	\$ 77.87
Granted	393	138.60
Exercised	(487)	78.58
Canceled or expired	(46)	94.35
Outstanding at December 31	2,115	\$ 88.62
Exercisable at December 31	1,236	\$ 70.87

The total intrinsic value of stock options exercised was \$36 million , \$53 million , and \$32 million for 2014 , 2013 , and 2012 , respectively. The related tax benefits were \$13 million , \$19 million and \$12 million for 2014 , 2013 , and 2012 , respectively. Cash received from the exercise of stock options was \$38 million , \$95 million , and \$43 million for 2014 , 2013 , and 2012 , respectively.

The table below summarizes additional information related to stock options outstanding at December 31, 2014 :

Options in thousands / dollars in millions, except share data	Outstanding Net of Expected Forfeitures	Options Exercisable
Number of options	2,043	1,236
Weighted-average exercise price per share	\$ 87.11	\$ 70.87
Aggregate intrinsic value	\$ 218	\$ 152
Weighted-average remaining contractual term, in years	6	5

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 2014 , 2013 , and 2012 were \$133.31 , \$107.85 and \$69.32 , respectively. The total fair value of stock units vested during 2014 , 2013 , and 2012 was \$25 million , \$35 million and \$19 million , respectively.

The following table summarizes stock unit activity during 2014 :

Stock units in thousands, except per-share data	Number of Stock Units	Weighted- Average Grant Date Fair Value
Non-vested, at January 1	1,202	\$ 82.40
Granted	245	133.31
Canceled	(37)	82.62
Vested and transferred to unrestricted	(306)	80.88
Non-vested, at December 31	1,104	\$ 90.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Nonemployee Director Equity Awards

Each nonemployee director receives an annual grant of Whirlpool common stock, with the number of shares to be issued to the director determined by dividing \$120,000 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

During the fourth quarter 2011, the Company committed to restructuring plans (the "2011 Plan") to expand our operating margins and improve our earnings through substantial cost and capacity reductions, primarily within our North America and EMEA operating segments. All actions related to the 2011 Plan have been announced and are now substantially complete. Over \$40 million in costs related to actions authorized under the 2011 Plan were recognized during 2014.

During 2014, the Company announced the following restructuring plans: (a) the closure of a microwave oven manufacturing facility and other organizational efficiency actions in EMEA and Latin America, and (b) organizational integration activities in China, in anticipation of the Hefei Sanyo transaction. These plans resulted in charges of approximately \$90 million in 2014, with completion expected by the end of 2015, related to employee termination costs, non-cash asset impairment costs, and facility exit costs.

The following tables summarize the changes to our restructuring liability for the years ended December 31, 2014 and 2013:

Millions of dollars	12/31/2013	Acquisition - related ⁽¹⁾	Charges to Earnings	Cash Paid	Non-Cash and Other	12/31/2014
Employee termination costs	\$ 74	\$ 40	\$ 82	\$ (128)	\$ (10)	\$ 58
Asset impairment costs	—	—	26	—	(26)	—
Facility exit costs	14	—	16	(26)	—	4
Other exit costs	18	—	12	(14)	—	16
Total	\$ 106	\$ 40	\$ 136	\$ (168)	\$ (36)	\$ 78

⁽¹⁾ A \$ 40 million restructuring liability was acquired in the acquisition of Indesit in the fourth quarter of 2014 related to an ongoing plan previously initiated by Indesit management. As of December 31, 2014, the acquired restructuring liability is \$17 million .

Millions of dollars	12/31/2012	Charge to Earnings	Cash Paid	Non-cash and Other	Revision of Estimate	12/31/2013
Employee termination costs	\$ 56	\$ 91	\$ (62)	\$ —	\$ (11)	\$ 74
Asset impairment costs	—	62	—	(62)	—	—
Facility exit costs	3	37	(25)	—	(1)	14
Other exit costs	11	18	(11)	—	—	18
Total	\$ 70	\$ 208	\$ (98)	\$ (62)	\$ (12)	\$ 106

The following table summarizes 2014 restructuring charges by operating segment:

Millions of dollars	2014 Charges
North America	\$ 10
Latin America	8
EMEA	102
Asia	13
Corporate / Other	3
Total	\$ 136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(12) INCOME TAXES

The income tax expense was \$189 million , \$68 million , and \$133 million in 2014 , 2013 and 2012 , 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	2014	2013	2012
Earnings before income taxes			
United States	\$ 325	\$ 149	\$ 113
Foreign	556	768	445
Earnings before income taxes	<u>881</u>	<u>917</u>	<u>558</u>
Income tax computed at United States statutory rate	308	321	195
U.S. government tax incentives, including Energy Tax Credits	(10)	(142)	—
Foreign government tax incentives, including BEFIEX	(46)	(63)	(38)
Foreign tax rate differential	(17)	(17)	(2)
U.S. foreign tax credits	(148)	(231)	(31)
Valuation allowances	9	16	(86)
State and local taxes, net of federal tax benefit	5	7	2
Foreign withholding taxes	16	29	12
U.S. tax on foreign dividends and subpart F income	56	195	57
Settlement of global tax audits	(5)	(54)	18
Other items, net	21	7	6
Income tax computed at effective worldwide tax rates	<u>\$ 189</u>	<u>\$ 68</u>	<u>\$ 133</u>

Current and Deferred Tax Provision

The following table summarizes our income tax (benefit) provision for 2014 , 2013 and 2012 :

Millions of dollars	2014		2013		2012	
	Current	Deferred	Current	Deferred	Current	Deferred
United States	\$ 7	\$ 8	\$ (60)	\$ (57)	\$ 18	\$ 24
Foreign	182	12	187	(9)	189	(96)
State and local	(2)	(18)	2	5	7	(9)
	<u>\$ 187</u>	<u>\$ 2</u>	<u>\$ 129</u>	<u>\$ (61)</u>	<u>\$ 214</u>	<u>\$ (81)</u>
Total income tax expense		<u>\$ 189</u>		<u>\$ 68</u>		<u>\$ 133</u>

United States Government Tax Incentives

On January 2, 2013, The American Taxpayer Relief Act of 2012 (the “Act”) was signed into law. The Act extends certain provisions included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 to ensure that conservation and efficiency are a central component to the United States energy strategy. Among the provisions extended are manufacturers’ tax credits for the accelerated U.S. production of super-efficient clothes washers, refrigerators and dishwashers that meet or exceed certain Energy Star thresholds for energy and water conservation levels as set by the U.S. Department of Energy (“Energy Credit”). The tax credits apply to eligible production during the 2012 and 2013 calendar years provided the production of qualifying product in any individual year exceeds a rolling two year baseline of production. We continue to invest in innovation and energy efficient products that meet these standards for our customers. This provision was not extended to include calendar 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

United States Tax on Foreign Dividends

We have historically reinvested all unremitted earnings of our foreign subsidiaries and affiliates. We plan to distribute approximately \$24 million of foreign earnings over the next several years. This distribution is forecasted to result in tax benefits which have not been recorded because of their contingent nature. There has been no deferred tax liability provided on the remaining amount of unremitted earnings of \$4.9 billion at December 31, 2014. As of December 31, 2014, we had \$1.0 billion of cash and equivalents on hand, of which \$0.9 billion was held outside of the United States. Our intent is to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate these funds to fund our U.S. operations. However, if these funds were repatriated, then we would be required to accrue and pay applicable United States taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with these unremitted earnings due to the complexity of its hypothetical calculation.

Valuation Allowances

At December 31, 2014, we had net operating loss carryforwards of \$3.2 billion, \$1.2 billion of which were United States state net operating loss carryforwards. Of the total net operating loss carryforwards, \$1.8 billion do not expire, with substantially all of the remaining carryforwards expiring in various years through 2034. As of December 31, 2014, we had \$249 million of foreign tax credit carryforwards and \$1.0 billion of United States general business credit carryforwards available to offset future payments of federal income taxes, expiring between 2017 and 2034.

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 \$308 million at December 31, 2014 consists of \$288 million of net operating loss carryforward deferred tax assets and \$20 million of other deferred tax assets. 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 2008, or any state, local or foreign income tax examinations by tax authorities for years before 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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, 2014 and 2013 :

Millions of dollars	2014	2013
Deferred tax liabilities		
Intangibles	\$ 800	\$ 517
Property, net	156	141
LIFO inventory	45	49
Other	193	201
Total deferred tax liabilities	<u>1,194</u>	<u>908</u>
Deferred tax assets		
U.S. general business credit carryforwards, including Energy Tax Credits	1,005	1,050
Pensions	316	311
Loss carryforwards	650	467
Inventory prepayment	—	93
Postretirement obligations	199	177
Foreign tax credit carryforwards	249	243
Research and development capitalization	358	239
Employee payroll and benefits	141	138
Accrued expenses	110	102
Product warranty accrual	62	58
Receivable and inventory allowances	73	51
Other	300	233
Total deferred tax assets	<u>3,463</u>	<u>3,162</u>
Valuation allowances for deferred tax assets	<u>(308)</u>	<u>(186)</u>
Deferred tax assets, net of valuation allowances	3,155	2,976
Net deferred tax assets	<u>\$ 1,961</u>	<u>\$ 2,068</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	2014	2013	2012
Balance, January 1	\$ 113	\$ 178	\$ 178
Additions for tax positions of the current year	17	17	13
Additions for tax positions of prior years	4	6	16
Reductions for tax positions of prior years	(23)	(81)	(15)
Settlements during the period	(11)	(3)	(5)
Positions assumed in acquisitions	42	—	—
Lapses of applicable statute of limitation	(1)	(4)	(9)
Balance, December 31	<u>\$ 141</u>	<u>\$ 113</u>	<u>\$ 178</u>

In connection with our acquisitions of Hefei Sanyo and Indesit , the Company assumed \$71 million of uncertain tax position liabilities, including \$31 million of interest and penalties. The acquisition of Hefei Sanyo resulted in an assumed uncertain tax position of \$61 million that was reflected in the opening balance sheet, while the acquisition of Indesit resulted in an assumed uncertain tax position of \$10 million .

It is reasonably possible that certain unrecognized tax benefits of \$20 million could be settled with various related jurisdictions during the next 12 months.

Interest and penalties associated with unrecognized tax benefits resulted in a net benefit of \$6 million , \$12 million and \$4 million in 2014 , 2013 and 2012 , respectively. We have accrued a total of \$63 million and \$39 million at December 31, 2014 and 2013 , respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(13) 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. The United States 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 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 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 subsequent to the pension plan freezes 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 2014, 2013 and 2012 were \$71 million, \$68 million and \$64 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.

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	
	2014	2013	2014	2013	2014	2013
Funded status						
Fair value of plan assets	\$ 3,042	\$ 2,835	\$ 640	\$ 206	\$ —	\$ —
Benefit obligations	3,796	3,546	1,026	439	502	509
Funded status	\$ (754)	\$ (711)	\$ (386)	\$ (233)	\$ (502)	\$ (509)
Amounts recognized in the consolidated balance sheet						
Noncurrent asset	\$ —	\$ —	\$ 8	\$ 7	\$ —	\$ —
Current liability	(9)	(7)	(16)	(14)	(56)	(51)
Noncurrent liability	(745)	(704)	(378)	(226)	(446)	(458)
Amount recognized	\$ (754)	\$ (711)	\$ (386)	\$ (233)	\$ (502)	\$ (509)
Amounts recognized in accumulated other comprehensive loss (pre-tax)						
Net actuarial loss	\$ 1,368	\$ 1,215	\$ 118	\$ 98	\$ 53	\$ 42
Prior service (credit) cost	(14)	(17)	—	3	(120)	(169)
Amount recognized	\$ 1,354	\$ 1,198	\$ 118	\$ 101	\$ (67)	\$ (127)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Change in Benefit Obligation

Millions of dollars	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013	2014	2013
Benefit obligation, beginning of year	\$ 3,546	\$ 4,196	\$ 439	\$ 448	\$ 509	\$ 477
Service cost	2	2	5	6	3	4
Interest cost	167	162	22	17	24	18
Plan participants' contributions	—	—	1	1	7	8
Actuarial loss (gain)	384	(420)	59	(7)	9	(31)
Benefits paid	(303)	(281)	(24)	(23)	(60)	(68)
Plan amendments	—	—	(3)	—	14	2
Acquisitions ⁽¹⁾	—	—	610	—	—	—
Transfer of benefits	—	(105)	—	—	—	105
Settlements / curtailment (gain)	—	(8)	(15)	(6)	—	—
Foreign currency exchange rates	—	—	(68)	3	(4)	(6)
Benefit obligation, end of year	\$ 3,796	\$ 3,546	\$ 1,026	\$ 439	\$ 502	\$ 509
Accumulated benefit obligation, end of year	\$ 3,786	\$ 3,536	\$ 964	\$ 424	N/A	N/A

⁽¹⁾ Pension obligation acquired through acquisition of Indesit

During the fourth quarter 2013, we transferred \$105 million of ancillary benefits, as allowed under ERISA, out of our United States qualified pension plans and into our United States retiree health and welfare benefit plan. The transfer had no impact on our Consolidated Financial Statements as of December 31, 2013 .

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 with an offset to accumulated other comprehensive loss, net of tax. In response, a group of retirees has initiated legal proceedings against Whirlpool asserting the above benefits are vested. We believe the outcome of the legal proceedings against Whirlpool will not have a material adverse effect on our Consolidated Financial Statements.

Change in Plan Assets

Millions of dollars	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013	2014	2013
Fair value of plan assets, beginning of year	\$ 2,835	\$ 2,790	\$ 206	\$ 197	\$ —	\$ —
Actual return on plan assets	381	207	33	13	—	—
Employer contribution	129	127	30	24	53	60
Plan participants' contributions	—	—	1	1	7	8
Benefits paid	(303)	(281)	(24)	(23)	(60)	(68)
Acquisitions ⁽¹⁾	—	—	437	—	—	—
New Plans	—	—	—	2	—	—
Settlements	—	(8)	(10)	(6)	—	—
Foreign currency exchange rates	—	—	(33)	(2)	—	—
Fair value of plan assets, end of year	\$ 3,042	\$ 2,835	\$ 640	\$ 206	\$ —	\$ —

⁽¹⁾ Pension assets acquired through acquisition of Indesit

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Components of Net Periodic Benefit Cost

Millions of dollars	United States Pension Benefits			Foreign Pension Benefits			Other Postretirement Benefits		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Service cost	\$ 2	\$ 2	\$ 2	\$ 5	\$ 6	\$ 6	\$ 3	\$ 4	\$ 5
Interest cost	167	162	178	22	17	20	24	18	21
Expected return on plan assets	(193)	(191)	(194)	(16)	(10)	(11)	—	—	—
Amortization:									
Actuarial loss	43	62	46	5	6	4	—	1	1
Prior service cost (credit)	(3)	(3)	(3)	1	1	1	(36)	(39)	(42)
Curtailment gain	—	—	—	—	—	—	—	—	(52)
Settlement loss	—	3	5	4	1	3	—	—	—
Net periodic benefit cost	<u>\$ 16</u>	<u>\$ 35</u>	<u>\$ 34</u>	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 23</u>	<u>\$ (9)</u>	<u>\$ (16)</u>	<u>\$ (67)</u>

On October 27, 2011 we announced the closure of our manufacturing facilities in Fort Smith, Arkansas and on August 28, 2009, we announced the closure of our manufacturing facility in Evansville, Indiana. Both closures triggered a curtailment in our United States retiree health and welfare benefit plan, resulting in curtailment gains of \$52 million in 2012. The curtailment gains were recognized in our Consolidated Statements of Income as a component of cost of products sold with an offset to accumulated other comprehensive loss, net of tax.

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss (Pre-Tax) in 2014

Millions of dollars	United States Pension Benefits	Foreign Pension Benefits	Other Postretirement Benefits
Current year actuarial loss	\$ 196	\$ 36	\$ 10
Actuarial (loss) recognized during the year	(43)	(15)	—
Current year prior service cost (credit)	—	(3)	14
Prior service credit (cost) recognized during the year	3	(1)	36
Total recognized in other comprehensive loss (pre-tax)	<u>\$ 156</u>	<u>\$ 17</u>	<u>\$ 60</u>
Total recognized in net periodic benefit costs and other comprehensive loss (pre-tax)	<u>\$ 172</u>	<u>\$ 38</u>	<u>\$ 51</u>

Estimated Pre-Tax Amounts that will be amortized from Accumulated Other Comprehensive Loss into Net Periodic Pension Cost in 2015

Millions of dollars	United States Pension Benefits	Foreign Pension Benefits	Other Postretirement Benefits
Actuarial loss	\$ 53	\$ 6	\$ —
Prior service (credit)	(3)	—	(35)
Total	<u>\$ 50</u>	<u>\$ 6</u>	<u>\$ (35)</u>

Assumptions

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

	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013	2014	2013
Discount rate	4.05%	4.95%	3.32%	4.16%	4.27%	4.95%
Rate of compensation increase	4.50%	4.50%	3.23%	3.40%	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Weighted-Average Assumptions used to Determine Net Periodic Cost

	United States Pension Benefits			Foreign Pension Benefits			Other Postretirement Benefits		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Discount rate	4.95%	4.05%	4.80%	3.89%	3.93%	5.04%	5.25%	4.03%	5.03%
Expected long-term rate of return on plan assets	7.25%	7.50%	7.50%	5.44%	5.40%	5.44%	N/A	N/A	N/A
Rate of compensation increase	4.50%	4.50%	4.50%	3.35%	3.51%	3.48%	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	7.00%	7.00%	8.00%
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	2017	2017	2015

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 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.

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	4	(4)

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 ⁽¹⁾	Foreign Pension Benefits
2015	\$ 80	\$ 18

⁽¹⁾ Contributions include \$80 million of minimum contributions required by law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Expected Benefit Payments

Millions of dollars	United States Pension Benefits	Foreign Pension Benefits	Other Postretirement Benefits
2015	\$ 278	\$ 49	\$ 56
2016	253	38	49
2017	250	41	48
2018	249	41	44
2019	252	44	41
2020-2024	1,219	216	171

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 41% equity and 59% fixed income, with exceptions for foreign pension plans. For our U.S. plan, the target allocation for equity securities is approximately 51% allocated to United States large-cap, 27% to international equity, 14% to United States mid and small-cap companies and 8% 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. 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, 2014 and 2013, by asset category were as follows:

Millions of dollars	December 31,							
	Quoted prices (Level 1)		Other significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Cash and equivalents	\$ 29	\$ 23	\$ —	\$ —	\$ —	\$ —	\$ 29	\$ 23
Government and government agency securities ^(a)								
U.S. securities	—	—	579	432	—	—	579	432
International securities	—	—	253	131	—	—	253	131
Corporate bonds and notes ^(a)								
U.S. companies	—	—	1,000	850	—	—	1,000	850
International companies	—	—	321	193	—	—	321	193
Equity securities ^(b)								
U.S. companies	12	12	—	—	—	—	12	12
International companies	427	223	—	—	—	—	427	223
Mutual funds ^(c)	67	77	—	—	—	—	67	77
Common and collective funds ^(d)								
U.S. equity securities	—	—	651	718	—	—	651	718
International equity securities	—	—	66	79	—	—	66	79
Short-term investment fund	—	—	63	87	—	—	63	87
Limited partnerships ^(e)								
U.S. private equity investments	—	—	—	—	140	145	140	145
Diversified fund of funds	—	—	—	—	32	35	32	35
Emerging growth	—	—	—	—	23	18	23	18
Real estate ^(f)	—	—	10	11	—	—	10	11
All other investments	—	—	9	7	—	—	9	7
	<u>\$ 535</u>	<u>\$ 335</u>	<u>\$ 2,952</u>	<u>\$ 2,508</u>	<u>\$ 195</u>	<u>\$ 198</u>	<u>\$ 3,682</u>	<u>\$ 3,041</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) Valued using the NAV of the fund, which is based on the fair value of underlying securities.

(e) Valued at estimated fair value based on the proportionate share of the limited partnership's fair value, as determined by the general partner.

(f) Valued using the NAV of the fund, which is based on the fair value of underlying assets.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Millions of dollars	Limited Partnerships
Balance, December 31, 2013	\$ 198
Realized gains (net)	23
Unrealized gains (net)	11
Purchases	9

Settlements	(46)
Balance, December 31, 2014	<u>\$ 195</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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, 2014 and 2013 were as follows:

Millions of dollars	United States Pension Benefits		Foreign Pension Benefits	
	2014	2013	2014	2013
Projected benefit obligation	\$ 3,796	\$ 3,546	\$ 872	\$ 397
Fair value of plan assets	3,042	2,835	487	157

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, 2014 and 2013 were as follows:

Millions of dollars	United States Pension Benefits		Foreign Pension Benefits	
	2014	2013	2014	2013
Projected benefit obligation	\$ 3,796	\$ 3,546	\$ 872	\$ 347
Accumulated benefit obligation	3,786	3,536	825	340
Fair value of plan assets	3,042	2,835	487	110

(14) OPERATING SEGMENT INFORMATION

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

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

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

Millions of dollars	United States	Brazil	All Other Countries	Total
2014:				
Sales to external customers	\$ 9,064	\$ 3,204	\$ 7,604	\$ 19,872
Long-lived assets	4,529	321	4,741	9,591
2013:				
Sales to external customers	\$ 8,577	\$ 3,295	\$ 6,897	\$ 18,769
Long-lived assets	4,461	335	1,671	6,467
2012:				
Sales to external customers	\$ 8,005	\$ 3,337	\$ 6,801	\$ 18,143
Long-lived assets	4,412	377	1,694	6,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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:

Millions of dollars	OPERATING SEGMENTS						Total Whirlpool
	North America	Latin America	EMEA	Asia	Other/ Eliminations		
Net sales							
2014	10,634	4,686	3,905	816	(169)		19,872
2013	10,178	4,928	3,024	807	(168)		18,769
2012	9,631	4,950	2,874	847	(159)		18,143
Intersegment sales							
2014	\$ 244	\$ 180	\$ 79	\$ 266	\$ (769)		\$ —
2013	256	174	79	257	(766)		—
2012	262	171	104	226	(763)		—
Depreciation and amortization							
2014	\$ 263	\$ 86	\$ 104	\$ 29	\$ 78		\$ 560
2013	238	91	95	18	98		540
2012	260	97	93	18	83		551
Operating profit (loss)							
2014	\$ 1,072	\$ 475	\$ 59	\$ (21)	\$ (397)		\$ 1,188
2013	1,070	557	(4)	34	(408)		1,249
2012	846	476	(51)	37	(439)		869
Total assets							
2014	\$ 7,736	\$ 2,917	\$ 7,597	\$ 2,734	\$ (982)		\$ 20,002
2013	7,785	3,380	2,955	921	503		15,544
2012	7,766	3,845	2,956	802	27		15,396
Capital expenditures							
2014	\$ 271	\$ 133	\$ 187	\$ 29	\$ 100		\$ 720
2013	254	108	101	25	90		578
2012	219	100	88	24	45		476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(15) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Millions of dollars, except per share data	Three months ended							
	Dec. 31		Sept. 30		Jun. 30		Mar. 31	
	2014	2013	2014	2013	2014	2013	2014	2013
Net sales	\$ 6,003	\$ 5,090	\$ 4,824	\$ 4,683	\$ 4,682	\$ 4,748	\$ 4,363	\$ 4,248
Cost of products sold	4,977	4,181	3,997	3,837	3,895	3,931	3,608	3,522
Operating profit	281	354	335	313	291	328	281	254
Interest and sundry income (expense)	(64)	(82)	(39)	(16)	(16)	(39)	(23)	(18)
Net earnings	108	187	235	199	185	206	164	257
Net earnings available to Whirlpool	81	181	230	196	179	198	160	252
Per share of common stock: ⁽¹⁾								
Basic net earnings	\$ 1.04	\$ 2.31	\$ 2.92	\$ 2.46	\$ 2.29	\$ 2.48	\$ 2.06	\$ 3.18
Diluted net earnings	1.02	2.26	2.88	2.42	2.25	2.44	2.02	3.12
Dividends	0.75	0.625	0.75	0.625	0.75	0.625	0.625	0.50

Market price range of common stock: ⁽²⁾

High	\$ 196.71	\$ 159.22	\$ 156.13	\$ 151.84	\$ 156.71	\$ 134.09	\$ 160.01	\$ 120.00
Low	139.85	129.22	135.37	111.70	136.64	107.88	124.39	101.74
Close	193.74	156.86	145.65	146.44	139.22	114.36	149.46	118.46

⁽¹⁾ 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

⁽²⁾ Composite 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, 2014 . 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, 2014 .

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 80 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, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included on page 82 of this report under the caption entitled "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

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

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

ITEM 9B. OTHER INFORMATION

There was no information required to be disclosed in a report on Form 8-K during the fourth quarter that was not previously reported.

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, and Section 16(a) compliance can be found under the captions “Directors and Nominees for Election as Directors,” “Board of Directors and Corporate Governance- Audit Committee,” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our Proxy Statement, which is incorporated herein by reference.

There have been no material changes to the procedures through which stockholders may recommend nominees to our Board of Directors since March 3, 2014, which is the date of our last proxy statement.

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 - 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 the 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-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,” 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—Director Independence” 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.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

1. Financial statements

Consolidated Statements of Income	35
Consolidated Statements of Comprehensive Income	36
Consolidated Balance Sheets	37
Consolidated Statements of Cash Flows	38
Consolidated Statements of Changes in Stockholders' Equity	39
Notes to the Consolidated Financial Statements	40
Report by Management on the Consolidated Financial Statements	79
Report of Independent Registered Public Accounting Firm	81

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.

2. Financial Statement Schedules - "Schedule II—Valuation and Qualifying Accounts" is contained on page 83 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" attached to this report.

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.

W HIRLPOOL C ORPORATION
(Registrant)

By: _____ /S/ Larry M. Venturelli

February 26, 2015

Larry M. Venturelli
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.

<u>Signature</u>	<u>Title</u>
_____ /S/ JEFF M. FETTIG Jeff M. Fettig	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
_____ /S/ MICHAEL A. TODMAN Michael A. Todman	Director and Vice Chairman
_____ /S/ LARRY M. VENTURELLI Larry M. Venturelli	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
_____ /S/ CHRISTOPHER J. KUEHN Christopher J. Kuehn	Vice President and Corporate Controller (Principal Accounting Officer)
_____ SAMUEL R. ALLEN*	Director
_____ GARY T. DICAMILLO*	Director
_____ GARY T. DICAMILLO Gary T. DiCamillo	
_____ DIANE M. DIETZ*	Director
_____ DIANE M. DIETZ Diane M. Dietz	
_____ GERALDINE T. ELLIOT*	Director
_____ GERALDINE T. ELLIOTT Geraldine T. Elliott	
_____ MICHAEL F. JOHNSTON*	Director
_____ MICHAEL F. JOHNSTON Michael F. Johnston	
_____ WILLIAM T. KERR*	Director
_____ WILLIAM T. KERR William T. Kerr	
_____ JOHN D. LIU*	Director
_____ JOHN D. LIU John D. Liu	
_____ HARISH MANWANI*	Director
_____ HARISH MANWANI Harish Manwani	
_____ WILLIAM D. PEREZ*	Director

William D. Perez

MICHAEL D. WHITE*

Michael D. White

Director

*By:

/ s / KIRSTEN J. HEWITT

Kirsten J. Hewitt

Attorney-in-Fact

February 26, 2015

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 five 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/ LARRY M. VENTURELLI

Larry M. Venturelli

Executive Vice President and Chief Financial Officer

February 26, 2015

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, 2014 . 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, 2014 .

Management's assessment of internal control over financial reporting as of December 31, 2014 excludes the internal control over financial reporting related to Hefei Rongshida Sanyo Electric Co., Ltd. ("Hefei Sanyo") and Indesit Company S.p.A. ("Indesit") (both acquired in the fourth quarter of 2014), which are included in the 2014 consolidated financial statements of Whirlpool Corporation. As of December 31, 2014 , Hefei Sanyo and Indesit together constitute \$5.6 billion and \$2.9 billion of total and net assets, respectively. Additionally, they represent net sales and net earnings of \$994 million and \$15 million, respectively, which excludes certain non-recurring acquisition-related costs and investment expenses.

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 82.

/s/ JEFF M. FETTIG

Jeff M. Fettig

Chairman of the Board and
Chief Executive Officer

February 26, 2015

/S/ LARRY M. VENTURELLI

Larry M. Venturelli

Executive Vice President and
Chief Financial Officer

February 26, 2015

Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors
Whirlpool Corporation

We have audited the accompanying consolidated balance sheets of Whirlpool Corporation as of December 31, 2014 and 2013 , and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014 . Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Whirlpool Corporation at December 31, 2014 and 2013 , and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014 , in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Whirlpool Corporation's internal control over financial reporting as of December 31, 2014 , 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 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors
Whirlpool Corporation

We have audited Whirlpool Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Whirlpool Corporation'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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired Hefei Rongshida Sanyo Electric Co., Ltd. ("Hefei Sanyo") business or the acquired Indesit Company S.p.A. ("Indesit") business which are included in the 2014 consolidated financial statements of Whirlpool Corporation and Hefei Sanyo and Indesit constituted \$5.6 billion and \$2.9 billion of total and net assets, respectively, as of December 31, 2014 and \$994 million and \$15 million of net sales and net earnings, respectively, for the year then ended. Our audit of internal control over financial reporting of Whirlpool Corporation also did not include an evaluation of the internal control over financial reporting of Hefei Rongshida Sanyo Electric Co., Ltd. or Indesit Company S.p.A.

In our opinion, Whirlpool Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Whirlpool Corporation as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014, and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
WHIRLPOOL CORPORATION AND SUBSIDIARIES
Years Ended December 31, 2014 , 2013 and 2012
(Millions of dollars)

COL. A	COL. B	COL. C			COL. D	COL. E
Description	Balance at Beginning of Period	ADDITIONS			Deductions —Describe (A)	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Acquisition Impact	(3) Charged to Other Accounts / Other		
Year Ended December 31, 2014:						
Allowance for doubtful accounts— accounts receivable	73	76	45	—	(40)	154
Year Ended December 31, 2013:						
Allowance for doubtful accounts— accounts receivable	60	21	—	—	(8)	73
Year Ended December 31, 2012:						
Allowance for doubtful accounts— accounts receivable	61	23	—	—	(24)	60

Note A—The amounts represent accounts charged off, less translation adjustments and transfers. Recoveries were nominal for 2014 , 2013 and 2012 .

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ANNUAL REPORT ON FORM 10-K
ITEMS 15(a)(3) and 15(c)
EXHIBIT INDEX
YEAR ENDED DECEMBER 31, 2014

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 21, 2014). [Incorporated by reference from Exhibit 3.2 to the Company's Form 8-K (Commission file number 1-3932) filed on October 24, 2014]
- 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]
- 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]

Number and Description of Exhibit

- 10(i)(f) Second Amended and Restated Long-Term Five-Year Credit Agreement dated as of September 26, 2014 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 10.6 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(g) Short-Term Credit Agreement dated as of September 26, 2014 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 10.7 to the Company's Quarterly Report on Form 10-Q (Commission file number 1-3932) for the quarter ended September 30, 2014]
- 10(i)(h) €400,000,000 Multicurrency Revolving Facility Agreement dated July 29, 2011 for Indesit Company S.p.A., Indesit Company France S.A.S., Indesit Company Luxembourg S.A., Indesit Company UK, Ltd. and General Domestic Appliances Holdings, Ltd., as Borrowers, Indesit Company S.p.A. as Guarantor, and Arranged by Banca IMI S.p.A., BNP Paribas, Succursale Italia, Citigroup Global Markets Limited, HSBC Bank PLC, ING Bank N.V., Mediobanca - Banca Di Credito Finanziario S.p.A. and Unicredit S.p.A. with Unicredit Bank AG, Milan Branch, acting as Agent (the "Indesit Credit Agreement")
- 10(i)(i) Letter Agreement Amendment dated November 26, 2012 to Indesit Credit Agreement
- 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 1996 Omnibus Stock and Incentive Plan (as amended, effective February 16, 1999) (Z) [Incorporated by reference from Exhibit 10(iii)(r) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 1999]
- 10(iii)(j) Whirlpool Corporation 1998 Omnibus Stock and Incentive Plan (as amended, effective February 16, 1999) (Z) [Incorporated by reference from Exhibit 10(iii)(s) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the

fiscal year ended December 31, 1999]

10(iii)(k) Whirlpool Corporation 2000 Omnibus Stock and Incentive Plan (effective January 1, 2000) (Z) [Incorporated by reference from Exhibit A to the Company's Proxy Statement (Commission file number 1-3932) for the 2000 annual meeting of stockholders filed on March 13, 2000]

Number and Description of Exhibit

- 10(iii)(l) Whirlpool Corporation 2002 Omnibus Stock and Incentive Plan (effective January 1, 2002) (Z) [Incorporated by reference from Exhibit A to the Company's Proxy Statement (Commission file number 1-3932) for the 2002 annual meeting of stockholders filed on March 8, 2002]
- 10(iii)(m) 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)(n) 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)(o) 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)(p) 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)(q) 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)(r) 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)(s) 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)(t) Administrative Guidelines for the Whirlpool Corporation Special Retention Program (pursuant to one or more of Whirlpool's Omnibus Stock and Incentive Plans) (Z) [Incorporated by reference from Exhibit 10(iii)(w) to the Company's Annual Report on Form 10-K (Commission file number 1-3932) for the fiscal year ended December 31, 2001]
- 10(iii)(u) Addendum to Whirlpool Corporation Special Retention Program Features (effective January 1, 2005) (Z) [Incorporated by reference from Exhibit 10(iii)(s) 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)(v) Form of Whirlpool Corporation Strategic Excellence Program Grant Document (pursuant to one or more of Whirlpool's Omnibus Stock and Incentive Plans)(Rev. 02/17/04) (Z) [Incorporated by reference from Exhibit 10(ii) to the Company's Form 8-K (Commission file number 1-3932) filed on January 25, 2005]
- 10(iii)(w) 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)(x) 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)(y) 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)(z) 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)(aa) 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]

Number and Description of Exhibit

- 10(iii)(bb) 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)(cc) 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)(dd) 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)(ee) Whirlpool Corporation 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 23, 2009]
- 10(iii)(ff) 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)(gg) 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)(hh) 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)(ii) 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)(jj) 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)(kk) 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)(ll) 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)(mm) 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]
- 12 Ratio of Earnings to Fixed Charges
- 21 List of Subsidiaries
- 23 Consent of Independent Registered Public Accounting Firm
- 24 Power of Attorney
- 31(a) Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31(b) 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

Number and Description of Exhibit

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

€400,000,000

FACILITY AGREEMENT

Dated 29 July 2011

for

INDESIT COMPANY S.p.A., INDESIT COMPANY FRANCE S.A.S., INDESIT COMPANY
LUXEMBOURG S.A., INDESIT COMPANY UK LTD AND GENERAL DOMESTIC APPLIANCES
HOLDINGS LTD

as Borrowers

INDESIT COMPANY S.p.A.

as Guarantor

arranged by

Banca IMI S.p.A., BNP PARIBAS, SUCCURSALE ITALIA, CITIGROUP GLOBAL MARKETS LIMITED,
HSBC BANK PLC, ING BANK N.V., MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A. and
UNICREDIT S.p.A.

with

UNICREDIT BANK AG, MILAN BRANCH

acting as Agent

MULTICURRENCY REVOLVING FACILITY AGREEMENT

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THIS AGREEMENT is made in London on 29 July 2011 between:

- (1) **INDESIT COMPANY S.p.A.** a company incorporated in Italy as a società per azioni and registered with the Registry of Companies in Ancona under number 00693740425 with registered office in Fabriano (AN) at Viale A. Merloni, 47, 60044, having an underwritten and paid-up share capital equal to Euro 102,759,269.40, having VAT and Tax No. 00693740425 ;
- (2) **INDESIT COMPANY FRANCE S.A.S.** a company incorporated in France as a société par actions simplifiée and registered with the Commercial and Companies Registry of Meaux under number B 335 075 404 with registered office at 3, Boulevard Georges Bidault, 77437, Croissy Beaubourg, Marne la Vallée Cedex 2;
- (3) **INDESIT COMPANY LUXEMBOURG S.A.** , a *société anonyme* incorporated under the laws of Luxembourg, with registered office at 5, Rue Jean Monnet L-2180 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under the number B 15826;
- (4) **INDESIT COMPANY UK LTD**, a company incorporated in the United Kingdom as a private limited company and registered with Companies House under number 106725 with registered office Morley Way, Peterborough, PE2 9JB;
- (5) **GENERAL DOMESTIC APPLIANCES HOLDINGS LTD** a company incorporated in the United Kingdom as a private limited company and registered with Companies House under number 610606 with registered office Morley Way, Peterborough, PE2 9JB;
- (6) **INDESIT COMPANY S.p.A.** a company incorporated in Italy as a società per azioni and registered with the Registry of Companies in Ancona under number 00693740425 with registered office in Fabriano (AN) at Viale A. Merloni, 47, 60044, having an underwritten and paid-up share capital equal to Euro 102,759,269.40, having VAT and Tax No. 00693740425 (the "**Guarantor**" or the "**Company**");
- (7) **Banca IMI S.p.A., BNP PARIBAS, SUCCURSALE ITALIA, CITIGROUP GLOBAL MARKETS LIMITED, HSBC BANK PLC, ING BANK N.V., MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A. and UNICREDIT S.p.A.** as mandated lead arrangers and bookrunners (individually and together, the "**Arranger**");
- (8) **THE FINANCIAL INSTITUTIONS** listed in Part II and Part III of Schedule 1 (*The Original Parties*) as lenders (the "**Original Lenders**"); and
- (9) **UNICREDIT BANK AG, MILAN BRANCH** as agent of the other Finance Parties (the "**Agent**").

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

" **Accession Memorandum** " means a memorandum substantially in the form set out in Schedule 14 (*Form of Borrower Accession Memorandum*) or Schedule 20 (*Form of Guarantor Accession Memorandum*) as applicable.

" **Additional Borrower** " means any company which has become an Additional Borrower in accordance with Clause 27.3 (*Additional Borrowers*).

" **Additional Cost of Funding** " means (i) the Liquidity Premium in relation to a Loan made in GBP or USD not exceeding the Pre-Agreed Limit; or (ii) the additional cost of funding that shall be agreed between all the Lenders in consultation with the Company from time to time in relation to (A) a Loan made in any other Optional Currency selected under Clause 4.3(a) (ii) (*Conditions relating to Optional Currencies*) or (B) the amount of a Loan made in GBP or USD exceeding the Pre-Agreed Limit.

" **Additional Cost Rate** " has the meaning given to it in Schedule 4 (*Mandatory Cost formulae*).

" **Additional Guarantor** " means a company which becomes an Additional Guarantor in accordance with Clause 27 (*Changes to the Obligors*).

" **Additional Obligor** " means an Additional Borrower or an Additional Guarantor.

" **Affiliate** " means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

" **Agent's Spot Rate of Exchange** " means the Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day; and

" **Applicable Accounting Standards** " means the generally accepted accounting principles as in effect from time to time in the place of incorporation of the Guarantor, including IAS/IFRS, as applicable, as used in the preparation of the then most recent audited Consolidated Financial Statements of the Guarantor.

" **Assignment Agreement** " means an agreement substantially in the form set out in Schedule 6 (*Form of Assignment Agreement*) or any other form agreed between the Agent and the Guarantor.

" **Assignment Date** " means, in relation to an assignment, the later of:

- (a) the proposed transfer date specified in the Assignment Agreement; and
- (b) the date on which the Agent executes the Assignment Agreement.

" **Authorisation** " means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

" **Availability Period** " means the period from and including the date of this Agreement to and including the day falling one Month prior to the Termination Date.

" **Available Commitment** " means a Lender's Commitment minus:

- (a) the Base Currency Amount of its participation in any outstanding Loans and Bank Guarantees; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Loans and Bank Guarantees that are due to be made on or before the proposed Utilisation Date;

other than that Lender's participation in any Loans and Bank Guarantees that are due to be repaid, prepaid or expire on or before the proposed Utilisation Date.

" **Available Facility** " means the aggregate for the time being of each Lender's Available Commitment.

" **Bank Guarantee** " means a Bank Guarantee issued or to be issued by a Fronting Bank under the Facility substantially in the form set out in Schedule 10 (*Form of Bank Guarantee*) or in such other form requested by the Guarantor which is acceptable to the Agent and that Fronting Bank.

" **Bank Guarantee Proportion** " means, in relation to a Lender in respect of any Bank Guarantee and save as otherwise provided in this Agreement, the proportion (expressed as a percentage) borne by that Lender's Available Commitment to the Available Facility immediately prior to the issue of that Bank Guarantee.

" **Bank Guarantee Valuation Date** " means the first Business Day which falls six Months after the date the first Bank Guarantee is issued pursuant to this Agreement and each day falling at six Monthly intervals after that date.

" **Base Currency** " means euro.

" **Base Currency Amount** " means, in relation to a Loan or a Bank Guarantee, the amount specified in the Utilisation Request for that Loan or Bank Guarantee, (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange) on the date which is:

(a) in relation to a Utilisation three Business Days before the Utilisation Date, (or, if later, on the date the Agent receives the Utilisation Request); or in the case of a renewal or revaluation of a Bank Guarantee the later of: (i) the date falling two Business Days before its issue date or any renewal date; (ii) or the most recent Bank Guarantee Valuation Date;

(b) adjusted to reflect any repayment or prepayment of the Loan, or Bank Guarantee, as the case may be.

" **Blacklisted Resident Entity** " means a person that is resident, domiciled, located for Tax purposes or acting through a Facility Office in a Blacklisted Jurisdiction.

" **Blacklisted Jurisdiction** " means (i) State or territory listed as having a privileged tax regime in the Italian Ministerial Decree of 23 January 2002, as amended from time to time; (ii) as from the fiscal year in which the decree pursuant to article 168-bis of Presidential Decree No. 917 of December 22, 1986 shall take effect, State or territory which is not included in the list of countries and territories (the "White List") allowing an adequate exchange of information with the Italian Tax authorities (for the five (5) years starting on the date of publication of the Decree in the Official Gazette, countries and territories which are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the White List); (iii) upon the occurrence of any change in law in force as of the date of this Agreement or upon the implementation of the envisaged change in law described in paragraph (ii) above and considering any subsequent amendments, State or territory included in any list of countries and territories (as set out in any relevant law or regulations) not allowing an adequate exchange of information with the Italian Tax authorities referred to under Article 110, Paragraph 10 of Presidential Decree No. 917 of December 22, 1986.

" **Borrower** " means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 27 (*Changes to the Obligors*).

" **Break Costs** " means the amount (if any) by which:

(a) the interest (excluding Margin and Mandatory Costs, if any) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market

for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

" **Business Day** " means a day (other than a Saturday or Sunday) on which banks are open for general business in Milan and London and:

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency: or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day.

" **Capital Lease** " means, at any time, a lease with respect to which the lessee is required concurrently to recognise the acquisition of an asset and the incurrence of a liability in accordance with Applicable Accounting Standards.

" **Cash Collateral** " means, in relation to any Bank Guarantee or Bank Guarantee Proportion of a Bank Guarantee, a deposit in a blocked interest-bearing account or accounts as the Agent may specify, that deposit and account held with the Agent to be pledged in favour of, and on terms and conditions acceptable to, the relevant Fronting Bank (on behalf of the Lenders), provided that in taking such security the Fronting Bank shall use reasonable endeavours to minimise any negative tax consequences on the Obligor.

" **Cash Collateral Documents** " means any documents as the Agent may specify, to be entered into in relation to the Cash Collateral.

" **Change of Control** " means any event or circumstance in which any person or persons (other than the Merloni Family), acting in concert, together with Affiliates thereof, acquires Control of the Guarantor. For the purpose of this definition "acting in concert" means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or through a third entity, of shares in the Guarantor, to obtain or consolidate control of the Guarantor.

" **Commitment** " means the Facility A Commitment or, as the case may be, the Facility B Commitment.

" **Commitment Fee Payment Date** " has the meaning set out in paragraph (c) of Clause 14.2 (*Commitment Fee*).

" **Compliance Certificate** " means a certificate substantially in the form set out in Schedule 7 (*Form of Compliance Certificate*).

" **Confidentiality Undertaking** " means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Guarantor and the Agent.

" **Consolidated Financial Statements** " means the annual and semi-annual audited consolidated financial statements of the Guarantor.

" **Consolidated Total Assets** " means, at any time, the consolidated total assets of the Group at such time as reported in the Consolidated Financial Statements.

" **Control** " means (directly or indirectly) (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (A) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of a company; or (B) appoint or remove (whether as a result of the exercise of dominant influence or otherwise) all, or the majority, of the directors or other equivalent officers of a company; or (C) give directions with respect to the operating and financial policies of that company which the directors or other equivalent officers of a company are obliged to comply with; or (ii) the ability to exercise a dominant influence over a company or a company controlling that company; or (iii) holding of more than one-half of the issued share capital which gives rise to voting rights of a company (excluding any part of that

issued share capital that carries no rights to participate beyond a specified amount in a distribution of either profits or capital).

" **Default** " means an Event of Default or any event or circumstance specified in Clause 25 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

" **Defaulting Lender** " means any Lender:

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders' participation*); or
- (b) which has otherwise rescinded or repudiated a Finance Document;
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; and,
payment is made within 3 Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

" **Determination Date** " means the Year-End Determination Date and/or Semi Annual Determination Date.

" **Disruption Event** " means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
from performing its payment obligations under the Finance Documents; or
 - (i) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

" **Environmental Claim** " means any claim, proceeding or investigation by any person in respect of any Environmental Law.

" **Environmental Law** " means any applicable law in any jurisdiction in which any member of the Group conducts business which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants.

" **Environmental Permits** " means any permit, licence, consent, approval and other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by the relevant member of the Group.

" **EURIBOR** " means, in relation to any Loan in euro:

- i. the applicable Screen Rate; or
- ii. (if no Screen Rate is available for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in euro for a period comparable to the Interest Period of the relevant Loan.

" **Event of Default** " means any event or circumstance specified as such in Clause 25 (*Events of Default*).

" **Expiry Date** " means, in relation to any Bank Guarantee, the date on which the maximum aggregate liability under that Bank Guarantee is to be reduced to zero.

" **Facility** " means the Facility A or the Facility B and " **Facilities** " means both of them.

" **Facility A** " means the revolving loan and bank guarantee facility made available under this Agreement as described in Clause 2 (*The Facility*).

" **Facility A Borrower** " means Indesit Company S.p.A. and any Additional Borrower under Facility A.

" **Facility A Commitment** " means:

- (a) in relation to an Original Lender, the amount in euro set opposite its name under the heading "Facility A Commitment" in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Lender, the amount in euro of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*),

to the extent not cancelled, reduced (other than, for the avoidance of doubt, by way of Utilisation) or transferred by it under this Agreement.

" **Facility A Lender** " means:

- (a) an Original Lender listed in Part II of Schedule 1 (*The Original Parties*); and
- (b) any bank or financial institution which has become a Lender under Facility A in accordance with Clause 2.2 (*Increase*) or Clause 26 (*Changes to the Lenders*).

" **Facility A Loan** " means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

" **Facility A Qualifying Lender** " means a bank, financial institution or other entity which is not a Blacklisted Resident Entity, and

- (a) is duly authorised to carry out banking activity in Italy and is deemed to be Tax resident in Italy pursuant to Article 73 of Presidential Decree No. 917 of December 22, 1986; or
- (b) is duly authorised to carry out banking activity in Italy and will be lending from a Facility Office in Italy (" **Italian Branch** ") for which the payment of interest made by an Obligor incorporated in Italy is business income (*reddito di impresa*) pursuant to articles 81 and 152 of of Presidential Decree No. 917 of December 22, 1986 and to which the relevant Loan is effectively connected;

" **Facility B** " means the revolving loan and bank guarantee facility made available under this Agreement as described in Clause 2 (*The Facility*).

" **Facility B Borrower** " means each of Indesit Company France S.A.S., Indesit Company Luxembourg S.A., Indesit Company UK Ltd and General Domestic Appliances Holdings Ltd and any Additional Borrower under Facility B.

" **Facility B Commitment** " means:

- (a) in relation to an Original Lender, the amount in euro set opposite its name under the heading " **Facility B Commitment** " in Part III of Schedule 1 (*The Original Parties*) and the amount of any other Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Lender, the amount in euro of any Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*),

to the extent not cancelled, reduced (other than, for the avoidance of doubt, by way of Utilisation) or transferred by it under this Agreement.

" **Facility B Lender** " means:

- (a) an Original Lender listed in Part III of Schedule 1 (*The Original Parties*); and
- (b) any bank or financial institution which has become a Lender under Facility B in accordance with Clause 2.2 (*Increase*) or Clause 26 (*Changes to the Lenders*).

" **Facility B Loan** " means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

" **Facility B Qualifying Lender** " means:

- (a) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:
 - (i) a Lender:
 - (A) which is a bank (as defined for the purpose of section 879 of the Income Tax Act 2007) making an advance under a Finance Document; or

(B) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the Income Tax Act 2007) at the time that that advance was made,

and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

(b) a Lender which is:

(i) a company resident in the United Kingdom for United Kingdom tax purposes;

(ii) a partnership each member of which is:

(A) a company so resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the Corporation Tax Act 2009) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the Corporation Tax Act 2009;

(iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the Corporation Tax Act 2009) of that company; or

(c) fulfils the conditions imposed by French Law in order for a payment not to be subject to (or as the case may be, to be exempt from) any Tax Deduction; or

(d) a Facility B Treaty Lender.

" **Facility B Treaty Lender** " means a Lender which:

(a) is treated as a resident of a Facility B Treaty State for the purposes of the Facility B Treaty;

(b) does not carry on a business in the relevant Facility B Treaty State through a permanent establishment with which that Lender's participation in the Loan is effectively connected;

(c) is acting from a Facility Office situated in its jurisdiction of incorporation; and

(d) fulfils any other conditions which must be fulfilled under the Facility B Treaty by residents of the Facility B Treaty State for such residents to obtain exemption from Tax imposed, subject to the completion of any necessary procedural formalities .

" **Facility B Treaty State** " means a jurisdiction having a double taxation agreement (a " **Facility B Treaty** ") with the jurisdiction of incorporation of France and/or Luxembourg and/or the United Kingdom, which makes provision for full exemption from tax imposed by such state on interest.

" **Facility Office** " means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

" **Fee Letter** " means any letter or letters dated on or about the date of this Agreement between the Arranger and the Guarantor (or the Agent and the Guarantor) setting out any of the fees referred to in Clause 14 (*Fees*).

" **Finance Document** " means this Agreement, any Fee Letter, any Cash Collateral Document, any Resignation Notice, any Accession Memorandum and any other document designated as such by the Agent and the Guarantor.

" **Finance Party** " means the Agent, the Arranger, a Fronting Bank or a Lender.

" **Finance Subsidiary Indebtedness** " means any Financial Indebtedness incurred by a Subsidiary (" **Finance Subsidiary** ") of the Guarantor whose purpose and function is to act as a financing company for the Group and which has no substantial assets other than those created through financial transactions with or on behalf of the Group or any member thereof and from cash deposits with banks and where the indebtedness is guaranteed by the Guarantor, provided that, if the Finance Subsidiary on lends or transfers such indebtedness to another Subsidiary of the Guarantor (the " **Transferred Indebtedness** ") such Finance Subsidiary shall guarantee the Financial Indebtedness of the Guarantor under this Agreement to the extent permitted by the laws and regulations applicable in the jurisdiction in which such Finance Subsidiary is incorporated and, in all cases, for an amount not exceeding the Transferred Indebtedness.

" **Financial Indebtedness** " means with respect to any person, at any time, without duplication, its liabilities for or in respect of:

- (a) moneys borrowed;
- (b) the deferred purchase price of property acquired by such person (excluding accounts payable, including but not limited to accounts payable relating to the purchase of machinery, arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);
- (c) any amount raised by acceptance under any acceptance credit facility;
- (d) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Applicable Accounting Standards, be treated as a Capital Lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any derivative instrument (other than derivative instruments entered into in the ordinary course of business for the purposes of hedging borrowings, investments, underlying assets or liabilities, highly probable future transactions or in connection with the business of the Group, whether or not recorded for accounting purposes as a hedging instrument in accordance with Applicable Accounting Standards) provided that only the mark-to-market value shall be taken into account;
- (h) the net present value of the purchase price of property which could arise pursuant to any other Contingent Purchase Agreement, as any such amount may be permanently reduced from time to time;
- (i) amounts drawn down under letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);
- (j) amount raised by the issue of redeemable shares; and

- (k) (without double counting) the amount of any liability in respect of any guaranty, indemnity or counter-indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that, in case any Financial Indebtedness is raised or issued in one currency and a derivative instrument is entered into in order to convert such Financial Indebtedness into a different currency (and such derivative instrument is recorded for accounting purposes as hedging of such Financial Indebtedness in accordance with Applicable Accounting Standards) the mark to market value (either negative or positive) of such derivative instrument shall be taken into account to adjust Financial Indebtedness accordingly.

" **French Borrower** " means Indesit Company France S.A.S. and any Additional Borrower incorporated under the laws of France.

" **Fronting Bank** " means such financial institution (being either the Agent or an Affiliate of the Agent) that accedes to this Agreement as a fronting bank.

" **Group** " means the Guarantor and its Subsidiaries from time to time.

" **Guarantee Amount** " means:

- (a) each sum paid or due and payable by a Fronting Bank to the beneficiary of a Bank Guarantee pursuant to the terms of that Bank Guarantee; and
- (b) all liabilities, costs, claims, losses and expenses which a Fronting Bank incurs or sustains in connection with a Bank Guarantee,

in each case which has not been reimbursed pursuant to Clause 10 (*Obligors' liabilities in relation to Bank Guarantees*).

" **Holding Company** " means, in relation to a company or corporation, any other company or corporation in respect of which such company or corporation is a Subsidiary.

" **IAS** " means International Accounting Standard.

" **IFRS** " means International Financial Reporting Standard.

" **Impaired Agent** " means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of "Defaulting Lender"; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within 2 Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question."

" **Increase Confirmation** " means a confirmation substantially in the form set out in Schedule 19 (*Form of Increase Confirmation*).

" **Increase Lender** " has the meaning given to that term in Clause 2.2 (*Increase*).

" **Insolvency Event** " in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due and in each case, that Finance Party is under a public insolvency, bankruptcy or governmental proceeding or process that is not dismissed, discharged, stayed or restrained, in each case within 30 days of the institution or presentation thereof;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, in each case other than by way of an Undisclosed Administration, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, in each case other than by way of an Undisclosed Administration;
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

" **Interest Period** " means, in relation to a Loan, each period determined in accordance with Clause 12 (*Interest Periods and Terms*) and in relation to an Unpaid Sum, each period determined in accordance with Clause 11.3 (*Default interest*).

" **Italian Civil Code** " means the Italian Civil Code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

" **Italian Obligor** " means an Obligor which is incorporated under the laws of Italy or resident, or deemed to be resident, in Italy for tax purposes.

" **Lender** " means a Facility A Lender or a Facility B Lender.

" **LIBOR** " means, in relation to any Loan in sterling or dollars:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the currency or Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in the currency of that Loan and for a period comparable to the Interest Period for that Loan.

" **Liquidity Premium** " means 35 basis points per annum or any other rate as is agreed pursuant to Clause 7.2(d).

" **LMA** " means the Loan Market Association.

" **Loan** " means a Facility A Loan or a Facility B Loan.

" **Majority Lenders** " means:

- (a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}\%$ of the Total Commitments (or, if the Total Commitments have been reduced to zero and there are no Loans or Bank Guarantees outstanding, aggregated more than $66\frac{2}{3}\%$ of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans or Bank Guarantees then outstanding aggregate more than $66\frac{2}{3}\%$ of all the Loans and Bank Guarantees then outstanding.

" **Mandatory Cost** " means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (*Mandatory Cost formulae*).

" **Margin** " means:

- (a) 1.00 per cent. per annum from the date hereof subject to paragraph (b) below;

- (b) if the ratio of Consolidated Net Borrowings to Consolidated EBITDA (as determined in respect of the financial covenants set out at Clause 23.2(a)(i) (*Financial condition*)), most recently delivered in accordance with Clause 22.1(a) (*Financial Statements*) of this Agreement, is at the Year End Determination Date within the range set out below, then the Margin shall be the percentage per annum set out opposite such range in the margin grid table below:

Margin Grid Table	
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	(per cent. per annum)
Greater than 2.5x	1.80
Greater than 2.0x but lower than or equal to 2.5x	1.50
Greater than 1.5x but lower than or equal to 2.0x	1.30
Greater than 1.0x but lower than or equal to 1.5x	1.10
Lower than or equal to 1.0x	1.00

(and any adjustment of the Margin pursuant to this paragraph (b) shall apply also in respect of any outstanding Loan or Bank Guarantee, commencing from the date falling five Business Days after receipt by the Agent of the Compliance Certificate in respect of the annual Consolidated Financial Statements delivered pursuant to Clause 22.2 (*Compliance Certificate*));

- (c) if at any time an Event of Default has occurred and is continuing the Margin shall be 1.80 per cent. per annum; and
- (d) the change to the Margin set out in paragraph (c) above shall apply from and including the date on which an Event of Default has occurred or come into existence until but excluding the date on which such Event of Default is no longer continuing.

" **Material Adverse Effect** " means a material adverse effect on:

- (a) the business, operations, financial condition, asset or properties of the Group taken as a whole;
- (b) the ability of an Obligor to perform its payment obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents or the rights or remedies of any Finance Party under the Finance Documents.

" **Material Subsidiary** " means, at any time, a Subsidiary of the Guarantor, which as of the then most recent Determination Date:

- (a) has profits before interest and tax calculated on the same basis as Consolidated Profits Before Interest and Tax, as defined in Clause 23 (*Financial covenants*), representing more than 7½ per cent. of Consolidated Profits Before Interest and Tax, as defined in Clause 23 (*Financial covenants*) for the period of four consecutive fiscal quarters of the Guarantor immediately prior to the most recent Determination Date; and/or
- (b) has turnover representing more than 7½ per cent. of the consolidated turnover of the Group for the period of four consecutive fiscal quarters of the Guarantor prior to the most recent Determination Date; and/or
- (c) has assets representing more than 7½ per cent. of the Consolidated Total Assets prior to the most recent Determination Date,

in each case calculated on a consolidated basis.

" **Merloni Family** " means Vittorio Merloni, his wife and his children, descendants, heirs and legates.

" **Month** " means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which the Interest Period is to end.

The above rules will only apply to the last Month of any period.

" **Moody's** " means Moody's Investors Service.

" **Non-Cooperative Jurisdiction** " means a "non-cooperative state or territory" (*Etat ou territoire non coopératif*) as set out in the list referred to in Article 238-0 A of the French tax code (*Code Général des Impôts*), as such list may be amended from time to time.

" **Obligors** " means the Borrowers and the Guarantor, and " **Obligor** " means any of them.

" **Optional Currency** " means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (*Conditions relating to Optional Currencies*).

" **Original Borrower** " means each of Indesit Company S.p.A., Indesit Company France S.A.S., Indesit Company Luxembourg S.A., Indesit Company UK Ltd and General Domestic Appliances Holdings Ltd (together, the " **Original Borrowers** ").

" **Original Financial Statements** " means the audited consolidated financial statements of the Guarantor for its financial year ended 31 December 2010 prepared in accordance with Applicable Accounting Standards.

" **Outstandings** " means at any time, the aggregate of the Base Currency Amounts of the outstanding Loans and the amount of the maximum actual and contingent liabilities of the Lenders in respect of each outstanding Bank Guarantee.

" **Participating Member State** " means any member state of the European Community that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union.

" **Party** " means a party to this Agreement.

" **Pre-Agreed Limit** " means the pre-agreed limit of a total Base Currency Amount of Euro 50 million in respect of Loans made in aggregate Sterling and/or Dollars calculated in accordance with Clause 7.2 (c) below.

" **Procedures Report** " means a report substantially in the form attached at Schedule 16 (*Agreed Upon Procedures*)

" **Qualifying Lender** " means a Lender which is beneficially entitled to interest payable to that Lender in respect of a Loan under this Agreement and is:

- (a) with respect to Facility A, a Facility A Qualifying Lender; and
- (b) with respect to Facility B, a Facility B Qualifying Lender.

" **Quotation Day** " means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is euro) two Target Days before the first day of that period;
- (b) (if the currency is sterling) the first day of that period; or
- (c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

" **Reference Banks** " means the principal London and Milan offices of UniCredit Bank AG, Intesa Sanpaolo S.p.A., BNP Paribas and Citibank N.A., or such other banks as may be appointed by the Agent in consultation with the Guarantor pursuant to Clause 28.16 (*Reference Banks*), for avoidance of doubt, the Milan offices being the reference for the EURIBOR and the London offices are the reference for the LIBOR (or equivalent base rate for Optional Currencies other than Sterling or Dollars).

" **Refinanced Indebtedness** " means the Euro 350,000,000 revolving facility made available to the Guarantor and certain other Subsidiaries pursuant to a facility agreement dated 6 July 2006 and arranged by The Royal Bank of Scotland Plc and UniCredit Banca Mobiliare S.p.A.

" **Relevant Interbank Market** " means in relation to euro, the European interbank market, and, in relation to any other currency, the London interbank market.

" **Repeating Representations** " means each of the representations set out in Clauses 21.1 (*Status*) to 21.6 (*Governing law and enforcement*), Clause 21.8 (*No default*), Clause 21.9 (*No misleading information*), Clause 21.11 (*Pari passu ranking*), Clause 21.12 (*No proceedings pending or threatened*) Clause 21.15 (*Ownership of the Borrowers*), Clause 21.16 (*Control of the Guarantor*) and Clause 21.19 (*Centre of main interests and establishments*).

" **Rollover Loan** " means one or more Loans:

- (a) made or to be made on the same day that:
 - (i) a maturing Loan is due to be repaid; or
 - (ii) demand in respect of a Bank Guarantee is due to be met;
- (b) the aggregate amount of which is equal to or less than the maturing Loan;
- (c) in the same currency as the maturing Loan (unless it arose as a result of the operation of Clause 7.3 (*Unavailability of a currency*)) or Bank Guarantee; and
- (d) made or to be made to the same Borrower for the purpose of:
 - (i) refinancing that maturing Loan; or

(ii) satisfying any demand made by the Agent pursuant to a drawing under a Bank Guarantee.

(iii)

" **S&P** " means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc.

" **Screen Rate** " means:

- (a) in relation to LIBOR, the British Bankers' Association Interest Settlement Rate for the relevant currency and period; and
- (b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period,

displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Guarantor and the Lenders.

" **Security** " means any mortgage, lien, pledge, charge, security interest or other encumbrance having a similar effect.

" **Semi-Annual Determination Date** " means, for so long as the Guarantor's financial year ends on 31st December, 30th June of each calendar year, and in the event that the Guarantor changes its financial year, the day that falls six months from the end of such financial year.

" **Senior Financial Officer** " means any of a director, the chief executive officer, chief financial officer or the group finance director of the Guarantor.

" **Separate Loan** " has the meaning given to that term in Clause 8.1 (*Repayment*).

" **Specified Time** " means a time determined in accordance with Schedule 9 (*Timetables*).

" **Subsidiary** " means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital (which gives rise to voting rights) of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs, exercise a dominant influence over it and/or to control the composition of its board of directors or equivalent body and is fully consolidated in the Consolidated Financial Statements on a line-by-line basis for such period. Unless the context otherwise requires, any reference to a Subsidiary is a reference to a Subsidiary of the Guarantor.

" **TARGET** " means Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

" **TARGET Day** " means any day on which TARGET is open for the settlement of payments in euro.

" **Tax** " means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

" **Taxes Act** " means the United Kingdom Income and Corporation Taxes Act 1988 (as from time to time amended, supplemented and substituted).

" **Term** " means, in relation to any Bank Guarantee, the period from its Utilisation Date until its Expiry Date.

" **Termination Date** " means the date falling 5 years from the date of this Agreement.

" **Testo Unico Bancario** " means the Italian Legislative Decree No. 385 of 1 September 1993 (as from time to time amended, supplemented and substituted).

" **Total Commitments** " means the aggregate of the Total Facility A Commitments and the Total Facility B Commitments being €400,000,000 at the date of this Agreement.

" **Total Facility A Commitments** " means the aggregate of the Facility A Commitments, being €268,000,000 at the date of this Agreement.

" **Total Facility B Commitments** " means the aggregate of the Facility B Commitments, being €132,000,000 at the date of this Agreement.

" **Transfer Certificate** " means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Guarantor.

" **Transfer Date** " means, in relation to a transfer, the later of:

- (a) the proposed transfer date specified in the Transfer Certificate; and
- (b) the date on which the Agent executes the Transfer Certificate.

" **Treasury Stock** " means ordinary shares issued by the Guarantor and held by the Guarantor as permitted by Italian law.

" **Undisclosed Administration** " means in relation to a Lender the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

" **Unpaid Sum** " means any sum due and payable but unpaid by an Obligor under the Finance Documents.

" **Utilisation** " means a utilisation of the Facility, by way of a Loan or a Bank Guarantee.

" **Utilisation Date** " means the date of a Utilisation, being the date on which the relevant Loan is to be made or the relevant Bank Guarantee is to be issued.

" **Utilisation Fee Payment Date** " has the meaning set out in paragraph (c) of Clause 14.5 (*Utilisation fee*).

" **Utilisation Request** " means a notice substantially in the form set out in Schedule 3 (*Requests*).

" **VAT** " means:

- (a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and supplemental legislation and regulations, and, in relation to Italy, value added tax (*Imposta sul Valore Aggiunto*), pursuant to Decree of the President

of the Republic of Italy No. 633 of 26 October 1972 (as from time to time amended, supplemented and substituted); and

- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or elsewhere.

" **Year-End Determination Date** " means, for so long as the Guarantor's financial year ends on 31st December, 31st December of each calendar year, and in the event that the Guarantor changes its financial year, the last day of the Guarantor's financial year.

1.2 Construction

- (a) Unless a contrary indication appears any reference in this Agreement to:
- (i) the "**Agent**", the "**Arranger**", any "**Finance Party**", the "**Guarantor**" any "**Lender**", any "**Obligor**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) the "**Borrower**" shall be construed as a reference to (in relation to Facility A) the Facility A Borrowers and (in relation to Facility B) the Facility B Borrowers;
 - (iii) "**assets**" includes present and future properties, revenues and rights of every description;
 - (iv) a Lender's "**participation**", in relation to a Bank Guarantee, shall be construed as a reference to the rights and obligations of that Lender in relation to that Bank Guarantee as are expressly set out in this Agreement.
 - (v) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;
 - (vi) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;
 - (viii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but if not having the force of law, being of a type with which any person to whom it applies is accustomed to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (ix) a provision of law is a reference to that provision as amended or re-enacted; and
 - (x) a time of day is a reference to Milan time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

- (d) A Default is "**continuing**" if it has not been remedied or waived.

1.4 Construction - Italian Terms

- (a) In this agreement a reference to (in the case of paragraph (a) or (b) below, in relation to (or to the obligation of) any member of the Group incorporated in Italy):
- (i) a winding-up, administration or dissolution includes, without limitation, any *liquidazione*, *procedura concorsuale* (*fallimento*, *concordato preventivo*, *liquidazione coatta amministrativa*, *amministrazione straordinaria o ristrutturazione industriale delle grandi imprese in stato d'insolvenza*), *cessione dei beni ai creditori*, or any other similar proceedings;
 - (ii) a receiver, administrative receiver, administrator or the like includes, without limitation, a *curatore*, *commissario giudiziale*, *commissario straordinario*, *commissario liquidatore*, or any other person performing the same function of each of the foregoing;
 - (iii) a lease includes, without limitations, a *contratto di locazione*;
 - (iv) a matured obligation includes, without limitation, any *credito liquido ed esigibile* and *credito scaduto*; and
 - (v) a Security includes, without limitation, any *pegno*, *ipoteca*, *privilegio speciale* (including the *privilegio speciale* created pursuant to Article 46 of the Italian Legislative Decree No. 385 of 1 September 1993, as amended from time to time), *cessione del credito in garanzia*, *diritto reale di garanzia* and any other *garanzia reale* or other transactions having the same effect as each of the foregoing

1.4 Construction - French terms.

- (a) In this Agreement, where it relates to a French entity, a reference to:
- (i) "**acting in concert**" has the meaning given in article L.233-10 of the French *Code de commerce*;
 - (ii) "**control**" has the meaning given in article L.233-3 of the French *Code de commerce*;
 - (iii) "**financial assistance**" has the meaning given in article L.225-216 of the French *Code de commerce*;
 - (iv) "**gross negligence**" means "*faute lourde*";
 - (v) a "**guarantee**" includes any "*cautionnement*", "*aval*" and any "*garantie*" which is independent from the debt to which it relates;
 - (vi) "**merger**" includes any "*fusion*" implemented in accordance with articles L.236-1 to L.236-24 of the French *Code de commerce*;
 - (vii) a "**reconstruction**" includes, in relation to any company, any contribution of part of its business in consideration of shares (*apport partiel d'actifs*) and any demerger (*scission*) implemented in accordance with articles L.236-1 to L.236-24 of the French *Code de commerce*;
 - (viii) a "**security interest**" includes any type of security (*sûreté réelle*), transfer or assignment by way of security and *fiducie-sûreté*; and

(ix) " **wilful** misconduct" means " *dol* ".

1.5 **Currency Symbols and Definitions**

" \$ " and " **dollars** " denote lawful currency of the United States of America " £ " and " **sterling** " denotes lawful currency of the United Kingdom, " € " and " **EUR** " and " **euro** " means the single currency unit of the Participating Member States.

1.6 **Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the " **Third Parties Act** ") to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SECTION 2

THE FACILITY

2. THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement:

- (a) the Facility A Lenders make available to the Facility A Borrowers a revolving loan and bank guarantee facility in an aggregate amount equal to the Total Facility A Commitments; and
- (b) the Facility B Lenders make available to the Facility B Borrowers a revolving loan and bank guarantee facility in an aggregate amount equal to the Total Facility B Commitments.

2.2 Increase

- (a) The Company may by giving prior notice to the Agent by no later than the date falling 10 Business Days after the effective date of a cancellation of:
 - (i) the Available Commitments of a Lender in accordance with Clause 9.6 (*Right of repayment and cancellation in relation to a single Lender*); or
 - (ii) the Commitments of a Lender in accordance with Clause 9.1 (*Illegality*) or Clause 9.2 (*Restrictions on participation in Bank Guarantees*),

request that the Total Commitments be increased (and the Total Commitments under that Facility shall be so increased) in an aggregate amount in the Base Currency of up to the amount of the Available Commitments or Commitments so cancelled as follows:

- (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an " **Increase Lender** ") selected by the Company (each of which shall not be a member of the Group and which is further acceptable to the Agent (acting reasonably on the basis of all applicable laws and regulations)) and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
 - (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;
 - (v) each Increase Lender shall become a Party as a "Lender" and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
 - (vi) the Commitments of the other Lenders shall continue in full force and effect; and
 - (vii) any increase in the Total Commitments shall take effect on the date specified by the Company in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Total Commitments will only be effective on:

- (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender;
- (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
 - (A) the performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Company, the Increase Lender and the Fronting Banks; and
 - (B) the Fronting Banks consenting to that increase.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Company shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee of €5,000 and the Company shall promptly on demand pay the Agent the amount of all costs and expenses (including duly documented legal fees) reasonably incurred by it in connection with any increase in Commitments under this Clause 2.2.
- (e) The Company may pay to the Increase Lender a fee in the amount and at the times agreed between the Company and the Increase Lender in a letter between the Company and the Increase Lender setting out that fee. A reference in this Agreement to a Fee Letter shall include any letter referred to in this paragraph.
- (f) Clause 26.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:
 - (i) an " **Existing Lender** " were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the " **New Lender** " were references to that " **Increase Lender** "; and
 - (iii) a " **re-transfer** " and " **re-assignment** " were references to respectively a " **transfer** " and " **assignment** " ."

2.3 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. PURPOSE

3.1 **Purpose**

Each Borrower shall apply all amounts borrowed by it by way of Loans and/or Bank Guarantees towards funding its general corporate purpose or the general corporate purposes of the Group, including, without limitation, the refinancing of the Refinanced Indebtedness.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. **CONDITIONS OF UTILISATION**

4.1 **Initial conditions precedent**

A Borrower may not deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the relevant Borrower and the Lenders promptly upon being so satisfied.

4.2 **Further conditions precedent**

The Lenders and a Fronting Bank will only be obliged to comply with Clause 5.4 (*Lenders' and Fronting Banks' participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan, and, in the case of any other Loan or Bank Guarantee, no Default is continuing or would result from the proposed Loan or Bank Guarantee, as the case may be; and
- (b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 **Conditions relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Loan if:
 - (i) it is Sterling or Dollars; or
 - (ii) it has been approved by the Agent (acting on the instructions of all the Lenders) prior to receipt by the Agent of the relevant Utilisation Request for that Loan and is readily available in the amount required and freely convertible into the Base Currency of the relevant Facility to be utilised in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Loan.
- (b) If the Agent has received a written request from a Borrower in relation to a Loan in Sterling or Dollars (including for the avoidance of doubt Rollover Loans in Sterling or Dollars) under paragraph (a)(i) above by the Specified Time, the Agent will confirm to that Borrower by the Specified Time the maximum amount in Sterling or Dollars that can be requested without exceeding the Pre-Agreed Limit.
- (c) If the Agent has received a written request from a Borrower for a currency to be approved under paragraph (a)(ii) above by the Specified Time, the Agent will confirm to that Borrower by the Specified Time:
 - (i) whether or not the Lenders have granted their approval; and
 - (ii) if approval has been granted, the minimum amount (and, if required, integral multiples) for any Utilisation in that currency.

4.4 **Maximum number of Loans**

- (a) A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation (i) 11 or more Loans and/or Bank Guarantees would be outstanding and/or (ii) Loans would be outstanding under the Facilities in more than 3 different currencies.
- (b) Any Loan made by a single Lender under paragraph (c) of Clause 7.2 (*Loans in Sterling and Dollars*) or Clause 7.3 (*Unavailability of a currency*) shall not be taken into account in this Clause 4.4.
- (c) Any Separate Loan shall not be taken into account in this Clause 4.4.

**SECTION 3
UTILISATION**

5. Utilisation - Loans

5.1 Delivery of a Utilisation Request

A Borrower may utilise the Facilities by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

- (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
- (i) it identifies the Facility to be utilised;
 - (ii) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and Amount*);
 - (iv) it complies with the conditions set out in Clause 4 (*Conditions of Utilisation*);
 - (v) the proposed Interest Period or Term, as the case may be complies with Clause 12 (*Interest Periods and Terms*); and
 - (vi) in relation to a Bank Guarantee, a Fronting Bank and the Agent have approved the terms of the Bank Guarantee (to the extent such Bank Guarantee is not in the form set out in Schedule 10), the purpose of its issue and the identity of the beneficiary.
- (b) Only one Loan or Bank Guarantee may be requested in each Utilisation Request.

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency, subject to Clause 7.2 (*Loans in Sterling and Dollars*).
- (b) The amount of the proposed Loan or Bank Guarantee must be:
- (i) if the currency selected is Euro, a minimum of €5,000,000 or if less, the Available Facility; or
 - (ii) if the currency selected is Sterling, a minimum of £5,000,000 or if less, the Available Facility;
 - (iii) if the currency selected is Dollars, a minimum of \$5,000,000 or, if less, the Available Facility;
 - (iv) if the currency selected is another Optional Currency, the minimum amount (and, if required, integral multiple) specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, such Optional Currency equivalent of the Available Facility; and
 - (v) in any event, such that its Base Currency Amount is less than or equal to the Available Facility.

5.4 Lenders' and Fronting Banks' participation

- (a) If the conditions set out in this Agreement have been met, (i) each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office and (ii) each Fronting Bank shall issue each Bank Guarantee through its Facility Office.
- (b) The amount of each Lender's participation in each Loan and each Bank Guarantee will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan or issuing the Bank Guarantee.

- (c) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and shall notify each Lender of the amount, currency and the Base Currency Amount of each Loan and the amount of its participation in that Loan and each Bank Guarantee, in each case by the Specified Time.

6. BANK GUARANTEES

6.1 Appointment of a Fronting Bank

All provisions relating to Bank Guarantees in this Agreement are subject to the accession to this Agreement of a Fronting Bank satisfactory to all the Parties and will not be effective unless and until such accession occurs.

6.2 Completion of Bank Guarantees

A Fronting Bank is authorised to issue any Bank Guarantee pursuant to Clause 5 (*Utilisation - Loans*) by:

- (a) completing the issue date and the proposed Expiry Date of that Bank Guarantee; and
- (b) executing and delivering that Bank Guarantee to the relevant recipient on the Utilisation Date.

6.3 Renewal of a Bank Guarantee

- (a) Not less than three Business Days before the Expiry Date of a Bank Guarantee a Borrower may, by written notice to the Agent, request that the Term of that Bank Guarantee be extended.
- (b) The Finance Parties shall treat the request in the same way as a Utilisation Request for a Bank Guarantee in the amount and maturity of the Bank Guarantee (as to be extended).
- (c) The terms of each renewed Bank Guarantee shall be the same as those of the relevant Bank Guarantee immediately prior to its renewal, save that its Term shall commence on the date which was the Expiry Date of that Bank Guarantee immediately prior to its renewal and shall end on the proposed Expiry Date specified in the request.
- (d) A Fronting Bank is authorised to amend any Bank Guarantee pursuant to a request if the conditions set out in this Agreement have been complied with.

7. Optional Currencies

7.1 Selection of currency

Each Borrower shall select the currency of a Loan in a Utilisation Request, provided that no more than three currencies may be outstanding at any time.

7.2 Loans in Sterling and Dollars

- (a) Subject to Clause 5.3 (*Currency and amount*) and to paragraph (b) of Clause 7.3 (*Unavailability of a currency*), in the event that a Borrower has selected the currency of a Loan as Sterling or Dollars, a Lender shall fund such Loan in the requested currency, **provided that** the Loans outstanding in Sterling and Dollars will not, as a result of the proposed Utilisation, exceed the Pre-Agreed Limit.
- (b) To the extent that a Borrower selects the currency of a Loan as Sterling or Dollars and that as a result of funding that Loan in such requested currency, the Loans outstanding in Sterling and Dollars will, as a result of the proposed Utilisation, exceed the Pre-Agreed Limit, a Lender shall be entitled to elect to fund such Loan, for the respective portion exceeding the Pre-Agreed Limit, in the Base Currency.
- (c) The Agent shall calculate the Pre-Agreed Limit at: (i) the date of signing; and (ii) at the date of each Utilisation Request, by reference to the Agent's Spot Rate of Exchange such that it shall be equivalent to a total Base Currency Amount of Euro 50 million.

- (d) Within 10 Business Days of each anniversary of the signing date (or, if that is not a Business Day, the next Business Day) any Party may request that the definition of Liquidity Premium be reviewed. Promptly following such a request, the Lenders and the Guarantor shall enter into discussions in good faith to ascertain whether a new definition can be unanimously agreed between all the Lenders and the Guarantor.

7.3 **Unavailability of a currency**

If before the Specified Time on any Quotation Day:

- (a) a Lender notifies the Agent that the Optional Currency requested under Clause 4.3(a)(ii) is not readily available to it in the amount required;
- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it; or
- (c) a Lender notifies the Agent that it intends to fund a Loan in a Base Currency pursuant to Clause 7.2(b) above,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this Clause 7.3 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount or, in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period and, for the avoidance of doubt, shall not be counted towards the maximum number of outstanding currencies for the purposes of Clause 7.1 (*Selection of currency*).

7.4 **Participation in a Loan**

Each Lender's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (*Lenders' and Fronting Banks' participation*).

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

8. **Repayment**

8.1 **Repayment**

- (a) Subject to paragraph (b) below, each Borrower shall repay each Loan made to it on the last day of its Interest Period in the currency in which the relevant Loan was drawn down and no Loan may be outstanding after the Termination Date.
- (b) Without prejudice to each Borrower's obligation under paragraph (a) above or the provisions of Clause 4.3 (*Conditions relating to Optional Currencies*) or Clause 7.2 (*Loans in Sterling and Dollars*), if one or more Loans are to be made available to a Borrower:
 - (i) on the same day that a maturing Loan is due to be repaid by that Borrower;
 - (ii) in the same currency as the maturing Loan (unless it arose as a result of the operation of Clause 7.3 (*Unavailability of a currency*)); and
 - (iii) in whole or in part for the purpose of refinancing the maturing Loan;

the aggregate amount of the new Loans shall be treated as if applied in or towards repayment of the maturing Loan so that:

- (A) if the amount of the maturing Loan exceeds the aggregate amount of the new Loans:
 - (1) the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and
 - (2) each Lender's participation (if any) in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation (if any) in the maturing Loan and that Lender will not be required to make its participation in the new Loans available in cash; and
- (B) if the amount of the maturing Loan is equal to or less than the aggregate amount of the new Loans:
 - (1) the relevant Borrower will not be required to make any payment in cash; and
 - (2) each Lender will be required to make its participation in the new Loans available in cash only to the extent that its participation (if any) in the new Loans exceeds that Lender's participation (if any) in the maturing Loan and the remainder of that Lender's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan.
- (c) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in the Loans then outstanding will be automatically extended to the Termination Date and will be treated as separate Loans (the "**Separate Loans**") denominated in the currency in which the relevant participations are outstanding.
- (d) A Borrower to whom a Separate Loan is outstanding may prepay that Loan by giving 10 Business Days' prior notice to the Agent (with, for the avoidance of doubt, Break Costs, if any). The Agent

will forward a copy of a prepayment notice received in accordance with this paragraph (d) to the Defaulting Lender concerned as soon as practicable on receipt.

- (e) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Borrower by the time and date specified by the Agent (acting reasonably) and will be payable by that Borrower to the Defaulting Lender on the last day of each Interest Period of that Loan.
- (f) The terms of this Agreement relating to Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraphs (c) to (e) above, in which case those paragraphs shall prevail in respect of any Separate Loan.

9. PREPAYMENT AND CANCELLATION

9.1. Illegality

If, at any time, it becomes unlawful in any applicable jurisdiction for a Lender or a Fronting Bank to perform any of its obligations as contemplated by this Agreement or to fund, issue or participate in any Loan or Bank Guarantee:

- (a) that Lender or a Fronting Bank, as the case may be, shall promptly notify the Agent upon becoming aware of that event;
- (b) (in the case of any of illegality with respect to a Loan) upon the Agent notifying the Guarantor, the Commitment of that Lender will be immediately cancelled;
- (c) (in the case of that it becomes unlawful for a Fronting Bank to issue a Bank Guarantee), upon the Agent notifying the Guarantor, such Fronting Bank shall not be obliged to issue any Bank Guarantee; and
- (d) each Borrower shall, on the last day of the Interest Period for each Loan or Bank Guarantee, as the case may be, occurring after the Agent has notified that Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law):
 - (i) repay that Lender's participation in the Loans made to that Borrower; and/ or
 - (ii) ensure that the liabilities of that Lender or that Fronting Bank under or in respect of each Bank Guarantee are reduced to zero or otherwise secured by providing Cash Collateral in an amount equal to such Lender's Bank Guarantee Proportion of those Bank Guarantees or such Fronting Bank's maximum actual and contingent liabilities under that Bank Guarantee in the currency or currencies of those Bank Guarantees.

9.2. Restrictions on participation in Bank Guarantees

If at any time prior to the issue of a Bank Guarantee any Lender is prohibited by law or pursuant to any request from or requirement of any central bank or other fiscal, monetary or other authority from having any right or obligation under this Agreement in respect of a Bank Guarantee, that Lender shall notify the Agent on or before the Business Day prior to the proposed Utilisation Date and:

- (a) the maximum actual and contingent liabilities of a Fronting Bank under that Bank Guarantee shall be reduced by an amount equal to an amount which would have been the amount of that Lender's Bank Guarantee Proportion of that Bank Guarantee if the prohibition had not occurred;
- (b) the Bank Guarantee Proportion of that Lender in relation to that Bank Guarantee shall be nil; and

- (c) that Lender's Available Commitment in respect to that Bank Guarantee only, shall be reduced by an amount equal to an amount which would have been the amount of that Lender's Bank Guarantee Proportion of that Bank Guarantee only if the prohibition had not occurred.

9.3. Change of Control

- (a) Upon the occurrence of a Change of Control:
 - (i) the Guarantor shall promptly and in any event within 10 Business Days after the occurrence of a Change of Control give written notice to the Agent;
 - (ii) the Agent acting on the instructions of the Majority Lenders and the Guarantor shall enter into discussions in good faith to ascertain whether the Facility can be continued; and
 - (iii) if no agreement regarding the continuation of the Facility can be reached between the Guarantor and all the Lenders within 30 days of the relevant Change of Control, then if a Lender so requires and notifies the Agent within 5 Business Days after the 30 day negotiation period has elapsed (a " **Cancelling Lender** "), the Agent shall, immediately after, notify the Guarantor about the Cancelling Lender (the " **Cancelling Lender Notice** "). By not less than 15 Business Days' notice to the Guarantor of the Cancelling Lender Notice (but in any event no later than 20 Business Days' following the date of the Cancelling Lender Notice), the Agent shall cancel the Commitment of the Cancelling Lender and declare the participation of the Cancelling Lender in all Outstandings in respect of the Cancelling Lender, together with accrued interest and all other amounts accrued under the Finance Documents (including, for the avoidance of doubt, any accrued Break Costs), immediately due and payable, at which time the Commitment of the Cancelling Lender will be cancelled and all such outstanding amounts will become immediately due and payable, such date being the " **Cancellation Date** ".
 - (iv) In relation to each Lender that is not a Cancelling Lender, the Facility shall continue on the same terms as set out in this Agreement, *mutatis mutandis* .
- (b) Within 5 Business Days of receiving the Cancelling Lender Notice from the Agent pursuant to Clause 9.3(a)(iii) above, the Guarantor may, by giving notice to the Agent, request that one or more financial institutions (being either an existing Lender or Lenders or another financial institution(s)) become a Lender by such existing Lender or, as the case may be, other financial institution (each a " **New Lender** ") executing a Transfer Certificate with each relevant Cancelling Lender with respect to all of the relevant Cancelling Lender's rights and obligations hereunder (for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Cancelling Lender's participation in the outstanding Utilisations and all accrued interest and/or Bank Guarantee fees, Break Costs and other amounts payable in relation thereto under the Finance Documents) and delivering, no later than 10 Business Days after the Cancelling Lender Notice, such Transfer Certificate to the Agent. Each Cancelling Lender shall promptly execute such Transfer Certificate on being so requested.
- (c) Subject to the proviso in paragraph (b) above and provided that each New Lender has become a lender pursuant to Clause 26 (*Changes to the Lenders*), any New Lender which executes and delivers to the Agent a Transfer Certificate pursuant to Clause 26.5 will become on the Transfer Date a Lender (under the relevant Facility) with a Commitment in the amount specified in such Transfer Certificate (which in the case of an existing Lender, shall be aggregated with its Commitment prior to the execution of such Transfer Certificate).
- (d) If a New Lender has not executed a Transfer Certificate pursuant to sub-paragraph (c) **above** , the Guarantor shall on the Cancellation Date, procure that each such Cancelling Lender's participations in outstanding Loans are repaid together with all unpaid accrued interest and other amounts payable

by it to that Lender under this Agreement in respect of the Facility, and each such Lender's Commitments shall be cancelled, in each case in full on the Cancellation Date.

9.4. Voluntary cancellation

Each Borrower may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Agent may agree) prior notice, cancel the whole or any part (being a minimum amount of €5,000,000) of an Available Facility. Any cancellation under this Clause 9.4 shall reduce the Commitments of the relevant Lenders rateably.

9.5. Voluntary prepayment of Loans

A Borrower may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Agent may agree) prior notice, prepay the whole or any part of a Loan or procure the reduction of a Fronting Bank's liability under a Bank Guarantee (but, if in part, being an amount that reduces the Base Currency Amount of the Loan or, as the case may be Bank Guarantee, by a minimum amount of €5,000,000, calculated at the Agent's Spot Rate of Exchange as of the date of the notice of prepayment).

9.6. Right of repayment and cancellation in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender or any Fronting Bank by an Obligor is required to be increased under paragraph (c) of Clause 15.2 (*Tax gross-up*);
 - (ii) any Lender or any Fronting Bank claims indemnification from any Obligor under Clause 15.3 (*Tax indemnity*) or Clause 16.1 (*Increased costs*);
 - (iii) any amount payable to any Lender by an Obligor under a Finance Document is not, or will not be (when the relevant corporate income tax is calculated) treated as a deductible charge or expense for French tax purposes for that Obligor by reason of that amount being (i) paid or accrued to a Lender incorporated, domiciled, established or acting through a Facility Office situated in a Non-Cooperative Jurisdiction, or (ii) paid to an account opened in the name of or for the benefit of that Lender in a financial institution situated in a Non-Cooperative Jurisdiction; or
 - (iv) any Lender or any Fronting Bank notifies the Agent of its Additional Cost Rate under paragraph 3 of Schedule 4 (*Mandatory Cost formulae*),

the Guarantor may, whilst (in the case of paragraphs (i), (ii) and (iii) above) the circumstance giving rise to the requirement or indemnification continues or, (in the case of paragraph (iv) above) that Additional Cost Rate is greater than zero, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans or Bank Guarantee and/ or (to the extent permitted by law) to procure the liabilities of that Lender or that Fronting Bank under or in respect of each Bank Guarantee are reduced to zero or otherwise secured by providing Cash Collateral in an amount equal to such Lender's Bank Guarantee Proportion of those Bank Guarantees or that Fronting Bank's maximum actual and contingent liabilities under that Bank Guarantee in the currency or currencies of those Bank Guarantees.

- (b) On receipt of a notice referred to in paragraph (a) above, the Commitment of that Lender (where the circumstances described in paragraph (a) above relate to a Loan) shall immediately be reduced to zero or (where the circumstances described in paragraph (a) above relate to the issue of a particular Bank Guarantee) that Lender's participation under the relevant Bank Guarantee shall be reduced to zero.
- (c) On the last day of each Interest Period or Term as the case may be which ends after the relevant Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loans and shall procure either that such Lender's Bank Guarantee Proportion of each relevant Bank Guarantee be reduced to zero (by reduction of the amount of that Bank Guarantee in an amount equal to that Lender's Bank

Guarantee Proportion) or that Cash Collateral be provided to the Agent in an amount equal to such Lender's Bank Guarantee Proportion of that Bank Guarantee); and (if the circumstance relates to a Fronting Bank) the relevant Obligor shall procure that such Fronting Bank's liability under any Bank Guarantees issued by it shall either be reduced to zero or otherwise secured by the relevant Obligor providing Cash Collateral in an amount equal to that Fronting Bank's maximum actual and contingent liabilities under those Bank Guarantees.

- (d) If any Lender becomes a Defaulting Lender:
 - (i) the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent 10 Business Days' notice of cancellation of each Available Commitment of that Lender.
 - (ii) On the notice referred to in paragraph (i) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
 - (iii) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (i) above, notify all the Lenders.

9.7. **Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 9 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment or cancellation under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs (if prepayment occurs on a date other than an interest payment date pursuant to the provisions of this Agreement) without premium or penalty.
- (c) Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid may be re-borrowed in accordance with the terms of this Agreement.
- (d) Each Obligor shall not repay or prepay all or any part of the Loans or Bank Guarantees or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (e) Subject to Clause 2.2 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Agent receives a notice under this Clause 9 it shall promptly forward a copy of that notice to either the Guarantor or the affected Lender, as appropriate.

10. **OBLIGORS' LIABILITIES IN RELATION TO BANK GUARANTEES**

10.1 **Demands under Bank Guarantees**

If a demand is made under a Bank Guarantee or a Fronting Bank incurs in connection with a Bank Guarantee any other liability, cost, claim, loss or expense which is to be reimbursed pursuant to this Agreement, that Fronting Bank shall promptly notify the Agent of the amount of such demand or such liability, cost, claim, loss or expense and the Bank Guarantee to which it relates and the Agent shall promptly make demand upon the relevant Borrower in accordance with this Agreement and notify the Lenders.

10.2 **Obligors' indemnity to Fronting Banks**

Each Obligor shall irrevocably and unconditionally as a primary obligation indemnify (within three Business Days of demand of the Agent) a Fronting Bank which has issued a Bank Guarantee at its request against:

- a. any sum paid or due and payable by such Fronting Bank under the Bank Guarantee, it being understood that, further to any payment made by the Fronting Bank to the beneficiary of the relevant Bank Guarantee, each Obligor will be entitled to repay the relevant amount also by requesting a Rollover Loan; and
- b. all liabilities, costs (including, without limitation, any costs incurred in funding any amount which falls due from such Fronting Bank under any Bank Guarantee or in connection with any such Bank Guarantee), claims, losses and expenses which such Fronting Bank may at any time incur or sustain in connection with or arising out of any such Bank Guarantee.

10.3 **Obligors' indemnity to Lenders**

Each Obligor shall irrevocably and unconditionally as a primary obligation indemnify (on demand of the Agent) each Lender against:

- a. any sum paid or due and payable by that Lender (whether under Clause 29.1 (*Lenders' Indemnity*) or otherwise) in connection with that Bank Guarantee; and
- b. all liabilities, costs, claims, losses and expenses which that Lender may at any time incur or sustain in connection with any Bank Guarantee.

10.4 **Preservation of rights**

Neither the obligations of each Obligor set out in this Clause 10 nor the rights, powers and remedies conferred on any Fronting Bank or Lender by this Agreement or by law shall be discharged, impaired or otherwise affected by:

- a. the winding-up, dissolution, administration or re-organisation of a Fronting Bank, any Lender or any other person or any change in its status, function, control or ownership;
- b. any of the obligations of a Fronting Bank, any Lender or any other person under this Agreement or under any Bank Guarantee or under any other security taken in respect of its obligations under this Agreement or otherwise in connection with a Bank Guarantee being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- c. time or other indulgence being granted or agreed to be granted to a Fronting Bank, any Lender or any other person in respect of its obligations under this Agreement or under or in connection with a Bank Guarantee or under any other security;
- d. any amendment to, or any variation, waiver or release of, any obligation of a Fronting Bank, any Lender or any other person under a Bank Guarantee or this Agreement;
- e. any other act, event or omission which, but for this Clause 10, might operate to discharge, impair or otherwise affect any of the obligations of the Borrower set out in this Clause 10 or any of the rights, powers or remedies conferred upon a Fronting Bank or any Lender by this Agreement or by law.
- f. The obligations of the relevant Obligor set out in this Clause 10 shall be in addition to and independent of every other security which any Fronting Bank or any Lender may at any time hold in respect of the Obligors' obligations under this Agreement.

10.5 **Settlement conditional**

Any settlement or discharge between an Obligor and a Fronting Bank or a Lender shall be conditional upon no security or payment to that Fronting Bank or Lender by the relevant Obligor, or any other person on behalf of that Obligor, being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application and, if any such security or payment is so avoided or reduced, such Fronting

Bank or Lender shall be entitled to recover the value or amount of such security or payment from an Obligor subsequently as if such settlement or discharge had not occurred.

10.6 **Right to make payments under Bank Guarantees**

A Fronting Bank shall be entitled to make any payment in accordance with the terms of the relevant Bank Guarantee without any reference to or further authority from an Obligor or any other investigation or enquiry. Each Obligor irrevocably authorise each Fronting Bank to comply with any demand under a Bank Guarantee which is valid on its face.

10.7 **Revaluation of Outstandings**

On each Bank Guarantee Valuation Date, the Agent shall calculate the amount of the Outstandings (having regard to changes in the Base Currency Amounts of the Bank Guarantees which have arisen as a result of currency fluctuations) and the Agent shall notify the Borrower of the amount, if any (the " **Excess Amount** ") by which the Outstandings exceed the aggregate Total Commitments of and the relevant Obligor shall:

- a. procure that the Fronting Banks' obligations under any Bank Guarantees are reduced by an amount no less than the Excess Amount; or
- b. secure that Excess Amount by providing Cash Collateral in an amount no less than the Excess Amount.

SECTION 5

COSTS OF UTILISATION

11 INTEREST

11.1 Calculation of interest and commission

- (a) The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:
 - (i) Margin;
 - (ii) EURIBOR or (in relation to any Loan in Sterling or Dollars) LIBOR or equivalent base rate for Optional Currencies other than Sterling or Dollars;
 - (iii) Mandatory Cost, if any; and
 - (iv) in relation to an Optional Currency, any Additional Cost of Funding.
- (b) The Bank Guarantee commission rate is the percentage rate per annum on an amount which is equal to the outstanding amount with respect to any Bank Guarantees less an amount equal to any Cash Collateral provided by the Obligors and which is the aggregate of the applicable:
 - (i) Margin; and
 - (ii) Mandatory Cost, if any.

12.1 Payment of interest and commissions

- (a) On the last day of each Interest Period the Borrower shall pay accrued interest on the Loan to which that Interest Period relates (and, if the Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of the Interest Period).
- (b) The Borrower shall pay to the Agent for the account of each Lender pro rata in accordance with their respective Bank Guarantee Proportions the accrued commission fee on each Bank Guarantee on the first Business Day which falls three Months after the date on which that Bank Guarantee is issued pursuant to this Agreement, and on each day falling at three Monthly intervals thereafter, or, if earlier, on the Expiry Date of the relevant Bank Guarantee.

11.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 1.65 (one point six five) per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 11.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

- (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 1.65 (one point six five) per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded (to the extent permitted under any applicable law, including article 1283 of the Italian Civil Code) with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

11.4 Notification of rates of interest

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

11.5 Effective Global Rate

For the purposes of article L.313-4 of the *French Code Monétaire et Financier* and articles L.313-1, R.313-1 and R.313-2 of the French Code de la consommation, the parties acknowledge that due to the variable interest rate applicable to Loans pursuant to this Agreement and the Borrowers' right to select the currency and the duration of the Interest Period of such Loans, the *Taux Effectif Global* cannot be calculated as at the date of this Agreement. However, the French Borrower acknowledges that it has received from the Agent a letter, in the form set out in Schedule 17 (*Effective Global Rate*) of this Agreement, containing an indicative calculation of the *taux effectif global*, based on figured examples calculated on assumptions as to the *taux de période* and *durée de période* set out in the letter. The parties acknowledge that such letters form part of this Agreement.

11.6 Italian Usury Law

The Parties mutually acknowledge that the rate of interest applicable to Loans to any Italian Obligor under this Agreement (including the relevant component of any applicable fee and expense) determined as of the date of execution of this Agreement is believed in good faith to be in compliance with Law No. 108 of 7 March 1996 as amended (the "**Italian Usury Law**"). In any event, the Parties agree and accept that if, pursuant to a change in law or in the official interpretation of Italian Usury Law, the rate of interest applicable to a Loan to any Italian Obligor and/or the default rate of interest (if due at such time to any Italian Obligor) at any time is deemed to exceed the maximum rate permitted by Italian Usury Law, then the relevant interest rate or default rate applicable to such Italian Obligor shall be automatically reduced to the maximum admissible interest rate pursuant to such legislation, for the period during which it is not possible to apply the interest rate as originally agreed in this Agreement.

12 INTEREST PERIODS AND TERMS

12.1 Selection of Interest Periods and Terms

- (a) The Borrowers may select an Interest Period for a Loan and a Term of a Bank Guarantee in the Utilisation Request for that Loan or Bank Guarantee, as the case may be.
- (b) Subject to this Clause 12, the Borrowers may select an Interest Period of one, three or six Months or any other period agreed between the Borrower and the Agent (acting, in the case of a period shorter than one Month or longer than six Months, on the instructions of all the Lenders).
- (c) The Borrower may select a Term for a Bank Guarantee of a period ending on or before the Termination Date.
- (d) An Interest Period for a Loan and a Term of a Bank Guarantee shall not extend beyond the Termination Date.
- (e) Each Interest Period for a Loan and a Term of a Bank Guarantee shall start on the Utilisation Date.

- (f) A Loan has one Interest Period only.

12.2 Non-Business Days

If an Interest Period or Term would otherwise end on a day which is not a Business Day, that Interest Period or Term, as the case may be, will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

13 CHANGES TO THE CALCULATION OF INTEREST

13.1 Absence of quotations

Subject to Clause 13.2 (*Market disruption*), if EURIBOR or, if applicable, LIBOR (or equivalent base rate for Optional Currencies other than Sterling or Dollars) is to be determined by reference to the Reference Banks but if a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable EURIBOR or LIBOR (or the equivalent base rate for Optional Currencies other than Sterling or Dollars) shall be determined on the basis of the arithmetic mean of the quotations of the remaining Reference Banks.

13.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the rate per annum which is the sum of:
 - (i) the Margin;
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and
 - (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.
- (b) In this Agreement " **Market Disruption Event** " means:
 - (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine EURIBOR or, as applicable, LIBOR (or the equivalent base rate for Optional Currencies other than Sterling or Dollars) for the relevant currency and Interest Period; or
 - (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives a notice duly signed by an authorised representative from a Lender or Lenders (whose participations in a Loan exceed 50 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of EURIBOR or, if applicable, LIBOR (or the equivalent base rate for Optional Currencies other than Sterling or Dollars). If a Market Disruption Event occurs, the Agent shall notify the Guarantor of any notice received under this sub-paragraph (ii).

13.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Agent or the Guarantor so requires, the Agent and the Guarantor shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Guarantor, be binding on all Parties.

14.3 Break Costs

- (a) An Obligor shall, within three Business Days of written demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Obligor on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

14 FEES

14.1 Arrangement fee

The Borrowers shall pay to the Arranger the fees in the amounts and at the times agreed in a Fee Letter.

14.2 Commitment fee

- (a) In respect of Facility A, the Guarantor shall pay to the Agent (for the account of each Facility A Lender) a fee in the Base Currency computed at the rate of 35 per cent. per annum of the applicable Margin on that Lender's Available Commitment for the Availability Period.
- (b) In respect of Facility B, the Facility B Borrowers shall pay to the Agent (for the account of each Facility B Lender) a fee in the Base Currency computed at the rate of 35 per cent. per annum of the applicable Margin on that Lender's Available Commitment for the Availability Period.
- (c) The accrued commitment fee is payable in arrears on the last day of each successive period of three Months which ends during the Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective (each such payment date, a "**Commitment Fee Payment Date**").
- (d) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

14.3 Agency fee

The Guarantor shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

14.4 Fronting Bank fee

The Guarantor shall, in respect of each Bank Guarantee, pay to the relevant Fronting Bank a fee in the amounts and at the times agreed between that Fronting Bank and the Guarantor.

14.5 Utilisation fee

- (a) The Borrowers shall pay to the Agent (for the account of each Lender):
 - (i) to the extent and for the days that the drawn down amount under the Facilities exceeds 33% but is less than or equal to 66% of the Total Commitments, a fee in the Base Currency equal to 0.15% per annum on the aggregate Outstandings under the Facilities; and
 - (ii) to the extent and for the days that the drawn down amount under the Facilities exceeds 66% of the Total Commitments, a fee in the Base Currency equal to 0.30% per annum on the aggregate Outstandings under of the Facilities,

provided that, the amount payable under the above paragraphs (a)(i) or (ii) shall be paid by each Borrower pro rata to its proportion of drawdown Facilities during the period from the previous Utilisation Fee Payment Date to the current Utilisation Fee Payment Date.

- (b) To the extent and for the days that the Outstandings under the Facility are less than or equal to 33% of the Total Commitments, no utilisation fee shall be payable.

- (c) The accrued utilisation fee is payable in arrears on the last day of each successive period of three Months and on the Termination Date (each such date a " **Utilisation Fee Payment Date** "). Accrued utilisation fee is also payable to the Agent for each Lender on the date that its Commitment is cancelled and its share in the Loans and/or Bank Guarantees is prepaid or repaid in full.

14.6 **Participation fee**

The Borrowers shall pay to the Agent (for the account of each Lender) the fees in the amounts and at the times agreed in a Fee Letter.

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

15. TAX GROSS UP AND INDEMNITIES

15.1 Definitions

(a) In this Agreement:

" **Protected Party** " means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

" **Tax Credit** " means a credit against, relief or remission for, or repayment of any Tax.

" **Tax Deduction** " means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

" **Tax Payment** " means either the increase in a payment made by an Obligor to a Finance Party under Clause 15.2 (*Tax gross-up*) or a payment under Clause 15.3 (*Tax indemnity*).

Unless a contrary indication appears, in this Clause 15, a reference to " **determines** " or " **determined** " means a determination made in the absolute discretion of the person making the determination.

15.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) Each Obligor shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender and a Fronting Bank shall notify the Agent on becoming so aware in respect of a payment payable to that Lender or Fronting Bank, as the case may be. If the Agent receives such notification from a Lender it shall notify each Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (f) A Facility B Treaty Lender that becomes a Party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Agent and without liability to any Obligor) by including its scheme reference number and its jurisdiction of tax residence opposite its name in Part III of Schedule 1 (*The Original Parties*).
- (g) Where a Lender includes the indication described in paragraph (f) above in Part III of Schedule 1 (*The Original Parties*):

- (i) each Original Borrower shall, and to the extent that that Lender is a Lender under a Facility made available to the Original Borrower pursuant to Clause 2.1 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of the date of this Agreement and shall promptly provide the Lender with a copy of that filing; and
 - (ii) each Additional Borrower shall, and to the extent that that Lender is a Lender under a Facility made available to the Original Borrower pursuant to Clause 2.1 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of becoming an Additional Borrower and shall promptly provide the Lender with a copy of that filing.
- (h) If a Lender has not included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with paragraph (g) above or paragraph (a) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*), no Obligor shall file any form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment or its participation in any Utilisation.

15.3 Tax indemnity

- (a) The Borrowers shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office or other place of business is located,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 15.2 (*Tax gross-up*); or
 - (B) would have been compensated for by an increased payment under Clause 15.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in Clause 15.4 (*Excluded Claims*) applied.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 15.3, notify the Agent.

15.4 **Excluded Claims**

If any Lender is not or ceases to be a Qualifying Lender, the relevant Obligor shall not be liable to pay to that Lender under Clauses 15.2 (*Tax Gross-Up*) or 15.3 (*Tax Indemnity*) any amount in respect of taxes levied or imposed in excess of the amount it would have been obliged to pay if that Lender had been or had not ceased to be a Qualifying Lender, if on the date on which the payment falls due:

- (a) the payment could have been made to the relevant Lender without a Tax Deduction if it was a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation by any authority having competent jurisdiction, administration, or application of) any law or any published practice or concession of any relevant taxing authority provided that the exclusion referred to above for changes after the date a Lender became a Lender under this Agreement shall not apply in respect of any Tax Deduction on account of tax imposed by France on a payment made to a Lender if such Tax Deduction is imposed solely because this payment is made to an account opened in the name or for the benefit of that Lender in a financial institution situated in a Non-Cooperative Jurisdiction; or
- (b) the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph 15.7 below.

15.5 **Tax Credit**

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- a. a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- b. that Finance Party has obtained and/or utilised and/or retained that Tax Credit,

the Finance Party shall pay an amount to that Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

15.6 **Lender Status Confirmation**

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Facility A Qualifying Lender;
- (c) a Facility B Qualifying Lender; or
- (d) a Facility B Treaty Lender.

Such Lender shall also specify, in the Transfer Agreement which it executes upon becoming a Party to this Agreement, whether it is incorporated, domiciled, established, or acting through a Facility Office situated in a Non-Cooperative Jurisdiction or in a Blacklisted Jurisdiction.

If a New Lender fails to indicate its status in accordance with this Clause 15.6 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall

inform the Company). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 15.6.

15.7 Tax Filings

- (a) Subject to paragraph (b) below, each Lender shall complete as soon as practicable any procedural formalities which are necessary for an Obligor to be able to make a payment to such Lender without a Tax Deduction (or with a reduced rate of Tax Deduction).
- (b) Nothing in paragraph (a) above shall require a Treaty Lender to:
 - (i) register under the HMRC DT Treaty Passport scheme;
 - (ii) apply the HMRC DT Treaty Passport scheme to any Utilisation if it has so registered; or
 - (iii) file Treaty forms if it has included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with Clause 15.2(f) above or paragraph (a) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*) and the Obligor making that payment has not complied with its obligations under Clause 15.2(g) above or paragraph (b) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*).

15.8 HMRC DT Treaty Passport scheme confirmation

- (a) A New Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Agent and without liability to any Obligor) in the Transfer Certificate or Assignment Agreement which it executes by including its scheme reference number and its jurisdiction of tax residence in that Transfer Certificate or Assignment Agreement.
- (b) Where a New Lender includes the indication described in paragraph (a) above in the relevant Transfer Certificate or Assignment Agreement:
 - (i) each Borrower which is a Party as a Borrower as at the relevant Transfer Date or Assignment Date shall file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of that Transfer Date and shall promptly provide the Lender with a copy of that filing; and
 - (ii) each Additional Borrower which becomes an Additional Borrower after the relevant Transfer Date or Assignment Date shall file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of becoming an Additional Borrower and shall promptly provide the Lender with a copy of that filing.

15.9 Stamp taxes

The Guarantor shall pay and, within five Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document (other than a Transfer Certificate).

15.10 VAT

- (a) All amounts set out, or expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).

- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the " **Supplier** ") to any other Finance Party (the " **Recipient** ") under a Finance Document, and any Party other than the Recipient (the " **Relevant Party** ") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
- (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and.
 - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any costs or expenses, that Party must also at the same time reimburse or indemnify (as the case may be) the Finance Party against all VAT incurred by the Finance Party in respect of such costs or expenses but only to the extent that the Finance Party (reasonably) determines that it is not entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- (d) Any reference in this Clause 15.10 to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules (provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

16. INCREASED COSTS

16.2 Increased costs

- (a) Subject to Clause 16.3 (*Exceptions*) the Borrower shall, within three Business Days of a written demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation by any authority having competent jurisdiction, administration or application of) any law or regulation; or (ii) compliance with any law or regulation made after the date of this Agreement.
- (b) In this Agreement:

" **Increased Costs** " means:

- (i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document, which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document or Bank Guarantee.

16.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 16.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable, provide a certificate signed by an authorised representative of such Finance Party confirming the amount of its Increased Costs and the cause of such increase with reference to Clause 16.1(a) (*Increased Costs*) and the Agent shall promptly notify the Guarantor accordingly.

16.3 Exceptions

- (a) Clause 16.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 15.3 (*Tax indemnity*) (or would have been compensated for under Clause 15.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in Clause 15.4 (*Excluded Claims*) applied);
 - (iii) compensated for by the payment of the Mandatory Cost; or
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.
- (b) In this Clause 16.3, a reference to a " **Tax Deduction** " has the same meaning given to the term in Clause 15.1 (*Definitions*).

17. OTHER INDEMNITIES

17.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a " **Sum** "), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the " **First Currency** ") in which that Sum is payable into another currency (the " **Second Currency** ") for the purpose of:
 - (i) making or filing a claim or proof against that Obligor;
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of a written demand, indemnify each Finance Party to whom that Sum is due against any duly documented cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

17.2 **Other indemnities**

The Guarantor shall, within three Business Days of written demand, indemnify each Finance Party against any duly documented cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 31 (*Sharing among the Finance Parties*);
- (c) issuing or making arrangements to issue a Bank Guarantee requested by the Borrower in a Utilisation Request but not issued by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or gross negligence by that Finance Party alone);
- (d) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but which is not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (e) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

17.3 **Indemnity to the Agent**

The Guarantor shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent as a result of:

- (a) investigating any event which it reasonably believes is a Default if the Agent has promptly notified the Guarantor of such investigation taking place; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

17.4 **Limitation**

Notwithstanding anything to the contrary in this Agreement, any indemnity or similar arrangement given by an Obligor (other than the Guarantor) pursuant to the terms of this Agreement is given in respect of itself only. No Obligor (other than the Guarantor) shall be liable for any cost, fee, liability or indemnity (of whatever nature), if such cost, fee, liability or indemnity is not directly attributable to the relevant Obligor (other than the Guarantor).

18. **Mitigation by the Lenders**

18.1 **Mitigation**

- (a) Each Finance Party shall, in consultation with the Guarantor, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 9.1 (*Illegality*), Clause 15 (*Tax gross-up and indemnities*), Clause 16 (*Increased costs*) or paragraph 3 of Schedule 4 (*Mandatory Cost formulae*) or in any amount payable under a Finance Document by an Obligor established in France becoming not deductible from that Obligor's taxable income for French tax purposes by reason of that amount being (i) paid or accrued to a Finance Party incorporated, domiciled, established or acting through a Facility Office situated in a Non-Cooperative Jurisdiction or (ii) paid to an account opened in the name of or for the benefit of that Finance Party in a financial institution situated in a Non-Cooperative Jurisdiction,

including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

18.2 Limitation of liability

- (a) The Borrower shall indemnify each Finance Party for all duly documented costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 18.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 18.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

19. COSTS AND EXPENSES

19.1 Transaction expenses

The Guarantor shall promptly pay on demand the Finance Parties:

- (a) the amount of any costs and expenses (including legal fees) set out or referred to in the mandate letter dated 4 July 2011; and
- (b) all duly documented costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution, syndication and perfection of any other Finance Documents executed after the date of this Agreement.

19.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 32.10 (*Change of currency*), the Guarantor shall, within three Business Days of written demand, reimburse the Agent for the amount of all duly documented costs and expenses (including legal fees) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

19.3 Enforcement costs

The Borrower shall, within three Business Days of written demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with (a) the enforcement of any Finance Document, and (b) the preservation of any rights powers and remedies under any Finance Document if that Finance Party has promptly notified the Borrower that such preservation event is taking place.

SECTION 7
GUARANTEE

20. GUARANTEE AND INDEMNITY

20.1 Guarantee and indemnity

The Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each of the Borrowers of all the Borrower's payment obligations under the Finance Documents, including any obligation arising from any claw-back (and with respect to an Italian Obligor, any *Azione Revocatoria* under the relevant Italian bankruptcy laws, or in relation to a non Italian Obligor any analogous action under the laws of any other civil law jurisdiction) in connection with the insolvency of, or any insolvency proceedings involving, the Borrower;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, the Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover,

up to a maximum amount of euro 600,000,000.

20.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Borrower under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

20.3 Reinstatement

If any payment by any Borrower or any discharge given by a Finance Party (whether in respect of the obligations of such Borrower or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of the Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) each Finance Party shall be entitled to recover the value or amount of that security or payment from the Guarantor, as if the payment, discharge, avoidance or reduction had not occurred.

20.4 Waiver of defences

The obligations of the Guarantor under this Clause 20 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 20 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, a Borrower or other person;
- (b) the release of a Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, a Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Borrower or any other person;
- (e) any amendment (however fundamental) or replacement of a Finance Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings to the extent permitted under applicable law.

20.5 Immediate recourse

The Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this Clause 20. This waiver applies irrespective of any law (to the extent permitted) or any provision of a Finance Document to the contrary.

20.6 Appropriations

Until all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Clause 20.

20.7 Deferral of Guarantor's rights

Until all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Guarantor will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by the Borrower;
- (b) to claim any contribution from any other guarantor of the Borrower's obligations under the Finance Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

20.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security subsequently held by any Finance Party.

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

21. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 21 to each Finance Party on the date of this Agreement, but on the basis that the representations and warranties set out in Clauses 21.2 (*Binding obligations*), 21.5 (*Validity and admissibility in evidence*), 21.6 (*Governing law and enforcement*) and 21.7 (*No filing or stamp taxes*) are subject to any qualifications, reservations or general principles of law referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of utilisation*).

21.1 Status

- (a) It is a corporation, duly incorporated and validly existing under the laws of the country of its incorporation and the Guarantor is a corporation duly incorporated as a *società per azioni* under the laws of Italy.
- (b) It and each of its Material Subsidiaries has the power to own its assets and carry on its business as it is being conducted, under the laws of its jurisdiction of incorporation.

21.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

21.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its and each of its Material Subsidiaries' constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its Material Subsidiaries' assets.

21.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

21.5 Validity and admissibility in evidence

All Authorisations required:

- (a.) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
- (b.) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation (save that a translation of this Agreement and the Finance Documents (i) in the Italian language; or (ii) in the German or French language would be necessary for such documents to be admissible in evidence before the courts of (i) Italy and (ii) France or Luxembourg respectively),

have been obtained or effected and are in full force and effect.

21.6 Governing law and enforcement

- (a.) The choice of English law as the governing law of each of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation.

- (b.) Any judgment obtained in England in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation.

21.7 No filing or stamp taxes

Other than where this Agreement or a Finance Document is filed with any public body or any court in connection with the so-called *caso d'uso* as this notion is interpreted and construed under the laws of Italy or *enunciazione* as defined under DPR 26/4/86 n.131, or as otherwise disclosed in any legal opinion delivered pursuant to Clause 4.1 (*Initial conditions precedent*), under the law of the jurisdiction of its incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, so long as the Finance Documents are not executed in Italy or France.

21.8 No default

- (a.) No Event of Default is continuing.
- (b.) No Event of Default could reasonably be expected to result from the making of any Utilisation.
- (c.) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which is reasonably likely to have a Material Adverse Effect.

21.9 No misleading information

All written information supplied by any member of the Group was true and accurate in all material respects as at the date it was given and was at the date it was given not misleading in any material respect.

21.10 Financial statements

- (a.) The Original Financial Statements fairly represent the consolidated financial condition and operations of the Group during the relevant financial year.
- (b.) Since the date upon which the Original Financial Statements were stated to be prepared, there has been no event or series of events or circumstances which could reasonably be expected to have a Material Adverse Effect.

21.11 Pari passu ranking

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

21.12 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which could reasonably be expected have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it in writing.

21.13 Taxation

No claims are being or are reasonably likely to be asserted against it with respect to Taxes which could reasonably be expected to have a Material Adverse Effect.

21.14 No Security

No Security exists over all or any of its present or future assets other than any Security permitted under Clause 24.3 (*Negative Pledge*).

21.15 Ownership of the Borrowers

The Original Borrowers are (directly or indirectly) wholly-owned Subsidiaries of the Guarantor and any Additional Borrower is (directly or indirectly) at least 99.9% owned and controlled by the Guarantor.

21.16 **Control of the Guarantor**

The Merloni Family exercises Control over the Guarantor.

21.17 **Environmental compliance**

Each member of the Group has performed and observed in all material respects all Environmental Law and Environmental Permits where failure to do so could reasonably be expected to have a Material Adverse Effect.

21.18 **Environmental Claims**

No Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened in writing against any member of the Group where that claim could reasonably be expected to be determined against that member of the Group and to have a Material Adverse Effect.

21.19 **Centre of main interests and establishments**

- (a.) It has its "centre of main interests" (as that term is used in Article 3(1) of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**") in its jurisdiction of incorporation.
- (b.) The Original Borrowers and the Guarantor have no "establishment" (as defined in Article 2(h) of the Regulation) with the exclusion, for the avoidance of doubt, of any representative office or VAT representative.

21.20 **Repetition**

The Repeating Representations are deemed to be made by each Obligor (by reference to the facts and circumstances then existing) on the date of each Utilisation Request and (save in the case of the representation set out in paragraph (b) of Clause 21.8 (*No Default*)) on first day of each Interest Period.

22. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 22 remain in force from the date of this Agreement for so long as any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

22.1 **Financial statements**

The Guarantor shall supply to the Agent:

- (a.) as soon as the same become available, but in any event within 130 days after the end of each of its financial years, the annual Consolidated Financial Statements for that financial year;
- (b.) each Borrower's audited financial statements with respect to each financial year of the relevant Borrower, as soon as the same become available, but in any event no later than the date on which such financial statements are required to be prepared by such Borrower in accordance with applicable laws and regulations; and
- (c.) as soon as the same become available, but in any event within 130 days after the end of the first half of each of its financial years, the semi-annual Consolidated Financial Statements for that financial half year.

22.2 **Compliance Certificate**

- (a.) The Guarantor shall supply to the Agent, with each set of financial statements delivered pursuant to paragraph (a) or (c) of Clause 22.1 (*Financial statements*), a Compliance Certificate substantially in the form set out in Schedule 7 (*Form of Compliance Certificate*) setting out computations as to compliance with Clause 23 (*Financial covenants*) as at the date as at which those financial statements were drawn up.
- (b.) Each Compliance Certificate shall be signed by two Senior Financial Officers.

22.3 Requirements as to financial statements

(a.) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with Applicable Accounting Standards. Except as otherwise specifically provided herein, all computations made pursuant to this Agreement shall be made in accordance with Applicable Accounting Standards and all financial statements to be delivered pursuant to Clause 22.1(a) and 22.1(c) (*Financial statements*) shall be prepared in accordance with Applicable Accounting Standards and, in the case of any financial statements to be delivered pursuant to Clause 22.1(b) (*Financial statements*), generally accepted accounting principles as in effect from time to time in the jurisdiction of incorporation of the relevant Borrower, and if at the time that any such statement or certificate is required to be made the Guarantor shall not have any Subsidiary, such terms shall mean a financial statement or a certificate, as the case may be, with respect to the Guarantor only.

(i.) The Guarantor shall procure that the Consolidated Financial Statements are prepared using Applicable Accounting Standards.

(ii.) In case of a change in the Applicable Accounting Standards or reference periods (a " **GAAP Event** ") which would materially affect the calculation of any financial covenant, the Guarantor may, at its discretion, acting in good faith, propose (or if so requested by the Agent, it shall propose) to adjust the covenant levels or other components of financial computations or definitions in any such covenant so that the effects of such GAAP Event on any such covenant will be negated.

For the purpose of the definition of GAAP Event a change of the Applicable Accounting Standard or reference period shall be a change in respect of the most recent Consolidated Financial Statements or the half-year Consolidated Financial Statements delivered to the Agent and, with respect to the first set of Consolidated Financial Statements to be delivered under Clause 22.1 (*Financial Statements*) above, a change in respect of the Original Financial Statements.

(iii.) In support of any proposal delivered to the Agent pursuant to sub-paragraph (ii) above, the Guarantor shall furnish the Agent with:

(A) a certificate or a written statement signed by two Senior Financial Officers of the Guarantor (a " **GAAP Certificate** ")

(1) specifying the effective date of such GAAP Event,

(2) setting forth (x) the financial data, prepared in accordance with Applicable Accounting Standards as in effect prior to the GAAP Event (" **Old GAAP** "), utilised in the calculation of the relevant financial covenant(s), (y) a calculation of such covenant(s) on the basis of such financial data and (z) in the notes to such GAAP Certificate, the source of the financial data and the basis of calculation of the financial data utilized in calculating such covenant(s),

(3) setting forth (x) the financial data, prepared in accordance with Applicable Accounting Standards as in effect as a result of the GAAP Event (" **New GAAP** "), utilized in the calculation of the relevant financial covenant(s), (y) a calculation of such covenant(s) on the basis of such financial data and (z) in the notes to such GAAP Certificate, the source of the financial data and the basis of calculation of the financial data utilized in calculating such Covenant(s),

(4) describing in reasonable detail the underlying GAAP Event that affected the results of the calculation of such financial covenants,

- (5) describing in reasonable detail the adjustments to covenant levels, definitions and/or other components of such financial covenant(s), which such senior financial officer determines in good faith (having discussed the matter with the Guarantor's auditors) to be appropriate to negate the effects of such GAAP Event on such financial covenant, and
 - (6) indicating that such GAAP Certificate has been provided pursuant to this Clause 22.3; and
- (B) a Procedures Report of the Group's auditors stating (x) that they have obtained the GAAP Certificate concurrently being provided to the Agent pursuant to paragraph (A) above and conducted the "Agreed Upon Procedures" described in Schedule 15 (*Agreed Upon Procedures*) in respect of the information provided pursuant to paragraph (A)(2) and paragraph (A)(3) above and (y) the conclusions of such "Agreed Upon Procedures."
- (iv.) The adjustments set forth in the relevant GAAP Certificate shall only become effective upon the consent of the Majority Lenders (acting in good faith) to such adjustments as are specified in the GAAP Certificate.
 - (v.) The costs of any Procedures Report referred to at sub-paragraph (iii)(B) above shall be borne by the Guarantor irrespective of whether the adjustment referred to at paragraph (ii) above is made at the discretion of the Guarantor or is required to be made at the request of the Agent **provided that** in the event that such adjustment is required to be made at the request of the Agent, the Agent shall have acted on the instructions of the Majority Lenders (acting reasonably).

22.4 **Information: miscellaneous**

- (a) The Guarantor shall supply to the Agent:
 - (i) promptly all documents dispatched by the Guarantor to all of its shareholders or to creditors generally provided that such information is not readily available otherwise;
 - (ii) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened in writing or pending against any member of the Group, and which could, if adversely determined be reasonably expected to have a Material Adverse Effect; and
 - (iii) promptly, such further information regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request.
- (b) Any information to be provided under this Agreement in paper form to the Lenders by the Obligors shall be satisfied by the Guarantor by supplying the Agent a scanned version of the relevant document or information.

22.5 **Notification of default**

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Borrowers shall supply to the Agent a certificate signed by two Senior Financial Officers certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

22.6 "Know your customer" checks

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

22.7 Italian Transparency Provisions - Summary sheet ("*Documento di Sintesi*")

For the purposes of the transparency provisions set forth in the CICR Resolution of 4 March 2003, as amended from time to time, and in the "*Disposizioni sulla trasparenza delle operazioni e dei servizi bancari e finanziari. Correttezza delle relazioni tra intermediari e clienti*" issued by the Bank of Italy and as amended from time to time, each Party hereby acknowledges and confirms that:

- (a) it has appointed and has been assisted by its respective legal counsel in connection with the negotiation, preparation and execution of the Agreement; and
- (b) this Agreement, and all of its terms and conditions, including the Recitals and the Schedules thereto, have been specifically negotiated ("*oggetto di trattativa individuale*") between the Parties.

23. FINANCIAL COVENANTS

23.1 Financial definitions

In this Clause 23:

" **Consolidated EBITDA** " means, for any relevant period, Consolidated Profits Before Interest and Tax for that relevant period before any amount attributable to the amortisation of intangible assets and depreciation of tangible assets and any impairment losses on assets.

" **Consolidated Net Borrowings** " means, at any time, the aggregate amount of all obligations of the Group for or in respect of Financial Indebtedness but excluding any such obligation of any member of the Group (or interest, commissions, fees, discounts or other payments in respect of any such obligation) to any other member of the Group, less the aggregate amount (and so that no amount shall be included or excluded more than once) of:

- (a) cash balances and deposits held in an Eligible Bank: (a) available on-demand or within a period of sixty days or less; or (b) available within a period of more than sixty days if such cash balance or deposit is encumbered by a Security granted (x) in favour of a bank in connection with any other Contingent Purchase Agreement, or (y) in favour of a bank in connection with Financial Indebtedness loaned by such bank to another member of the Group, provided that, in the case of both (x) and (y), such cash balances or deposits are not encumbered by any Security in respect of any other Financial Indebtedness;
- (b) debt securities which are: (i) rated "P-2" or better by Moody's or "A-2" or better by S&P (or any equivalent successor rating) (including repurchase agreements) denominated in sterling, US dollars, Swiss francs or euro; and (ii) issued or guaranteed by the United Kingdom, the United States of America, Switzerland or any Participating Member State or the European Bank for Reconstruction and Development or the European Investment Bank, which are not convertible into any other form of security and which in each case are free from any Security (other than Security in respect of obligations in respect of Financial Indebtedness of any member of the Group);
- (c) debt securities denominated in sterling, US dollars or euro with a residual maturity of not more than 364 days which are not convertible into any other form of security, which are rated "P-2" or better by Moody's or "A-2" or better by S&P (or any equivalent successor rating) which are not issued or guaranteed by any member of the Group and which in each case are free from any Security (other than Security in respect of obligations in respect of Financial Indebtedness of any member of the Group); and
- (d) certificates of deposit denominated in sterling, US dollars or euro issued by, and acceptances by, an Eligible Bank and which in each case are free from any Security (other than Security in respect of obligations in respect of Financial Indebtedness of any member of the Group).

" **Consolidated Net Interest** " means, in respect of any relevant period, the aggregate amount (without duplication) of the interest (including the interest element of leasing and hire purchase payments and capitalized interest), commissions, fees and discounts and other finance payments payable by any member of Group in respect of Financial Indebtedness (but deducting any such commission, fees, discounts and other finance payments receivable by any member of Group under any interest rate hedging instrument) and deducting any other interest receivable, commissions, fees and discounts and other finance receivable by any member of Group during such relevant period (in each case, eliminating all offsetting debits and credits between and among the Guarantor and its Subsidiaries and all other items required to be eliminated in the course of the preparation of the Consolidated Financial Statements in accordance with Applicable Accounting Standards).

" **Consolidated Profits Before Interest and Tax** " means, in respect of any relevant period, the consolidated net income of the Group before:

- (a) any provision on account of taxation;
- (b) any interest, commission, discounts or other fees incurred or payable, received or receivable by any member of the Group in respect of Financial Indebtedness;
- (c) any items treated as financial income and charges (including FX differences and other financial items);
- (d) any share of profit (losses) of associates; and

- (e) any of the following non-recurring items: (i) any costs of dismantling and removing any item of property, plant and equipment or restoring the site on which it is located not previously accrued; (ii) any costs of relocating or reorganizing part or all of an entity's operations; (iii) any capital loss on disposal of assets; (iv) any redundancy costs; and (v) any cost from discontinuing operations.

" **Contingent Purchase Agreement** " means any put-call option agreement, or other agreement serving a similar function, entered into in connection with the purchase of property, pursuant to which an obligation to purchase property and the liability to pay for such purchased property may arise on one or more dates beginning at least two months after the date on which such agreement was entered into.

" **Eligible Bank** " means a commercial bank (i) organized under the laws of the United Kingdom, the United States of America, any Participating Member State, Switzerland or any jurisdiction in which a Subsidiary has operations and; (ii) whose short-term unsecured debt obligations (or the short-term unsecured debt obligations of the bank holding company owning the majority of the capital stock of such commercial bank) shall have been given a rating of "P-2" or better by Moody's or "A-2" or better by S&P (or an equivalent rating by another recognized credit rating agency of similar standing if either of such rating agencies is not then in the business of rating such investments).

23.2 **Financial condition**

- (a) The Guarantor will not permit:
 - (i) the ratio of Consolidated Net Borrowings as of any Year-End Determination Date to Consolidated EBITDA for the twelve month period ended on such Year-End Determination Date to exceed 3.00 to 1;
 - (ii) the ratio of Consolidated Net Borrowings as of any Semi Annual Determination Date to Consolidated EBITDA for the twelve month period ended on such Semi Annual Determination Date to exceed 4.00 to 1;
 - (iii) the ratio of Consolidated EBITDA to Consolidated Net Interest for the twelve month period ending on any Determination Date to be less than 3.5 to 1.

23.3 **Financial testing**

The financial covenants set out in Clause 23.2 (*Financial condition*) shall be tested by reference to each of the Consolidated Financial Statements and each Compliance Certificate delivered pursuant to Clause 22.2 (*Compliance Certificate*).

24. **General undertakings**

The undertakings in this Clause 24 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

24.1 **Authorisations**

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) (if requested) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document to which it is a party.

24.2 **Compliance with laws**

Each Obligor shall comply in all respects with all laws to which it is subject, to the extent necessary to ensure that non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect.

24.3 **Negative pledge**

(a) No Obligor shall (and the Guarantor shall ensure that no member of the Group will) create or permit to subsist any Security over any of its assets.

(b) No Obligor shall (and the Guarantor shall ensure that no member of the Group will):

(i) sell, transfer or otherwise dispose of any of its assets on contractual terms whereby (i) they shall be leased by it and such a lease is recorded as a Capital Lease; or (ii) they shall be re-acquired by it;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms unless such a recourse term transaction forms no more than 15% of a wider non-recourse programme;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is (i) entered into primarily as a method of raising financial indebtedness and (ii) is recorded as such for the purposes of the International Accounting Standards (each such transaction (" **Quasi-Security** ")).

(c) Paragraphs (a) and (b) above do not apply to:

(i) any Security arising pursuant to the terms of a Finance Document;

(ii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(iii) any lien arising by operation of law and in the ordinary course of business;

(iv) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the date of this Agreement if:

(A) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;

(B) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by a member of the Group except if required by the terms of the instrument originally creating such Security with respect to other property which is an improvement to or is acquired for specific use in connection with such acquired property; and

(C) the Security or Quasi-Security is removed or discharged within twelve months of the date of acquisition of such asset unless, in the event that such removal or discharge would be excessively onerous, the Majority Lenders agree otherwise;

(v) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group, if:

- (A) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
 - (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company except if required by the terms of the instrument originally creating such Security with respect to other property which is an improvement to or is acquired for specific use in connection with such acquired property; and
 - (C) the Security or Quasi-Security is removed or discharged within twelve months of that company becoming a member of the Group, unless, in the event that such removal or discharge would be excessively onerous, the Majority Lenders agree otherwise;
- (vi) any Security or Quasi-Security existing at the date of this Agreement (" **Existing Security** ") (and its renewal) **provided that**, without prejudice to (xvii) below , the amount thereby secured is not increased unless such increase is already provided for in the relevant instrument creating the Existing Security;
 - (vii) any title transfer or retention of title arrangement entered into in the ordinary course of business;
 - (viii) any Security or Quasi-Security (i) arising over goods or documents of title to goods arising in the ordinary course of letter of credit transactions; or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property and in each case of (i) and (ii) above which is instrumental to the business of the relevant Obligor and/or entered into in the ordinary course of business;
 - (ix) any Security or Quasi-Security arising by operation of law in favour of any governmental or other tax authority in respect of taxes, assessments or governmental charges either not yet due and payable or which are being disputed in good faith;
 - (x) any Security or Quasi-Security arising under a finance lease or contract for hire purchase **provided that** such Security only extends to the asset which is the subject of such finance lease or contract for hire purchase;
 - (xi) any Security or Quasi-Security over any assets acquired after the date of this Agreement securing Financial Indebtedness incurred solely for the purpose of that acquisition;
 - (xii) any Security or Quasi-Security created with the prior written consent of the Majority Lenders;
 - (xiii) any Security or Quasi-Security created in favour of any governmental (central or local) intergovernmental or supranational body, agency, department or other authority securing the repayment of any subsidy granted by any such body, agency, department or authority to a member of the Group to assist in financing the acquisition of any asset or in making capital expenditure by such member of the Group;
 - (xiv) any Security or Quasi-Security over Treasury Stock;
 - (xv) Security or Quasi-Security in respect of judgments or awards to the extent that such judgments or awards are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established in accordance with Applicable Accounting Standards;

- (xvi) Security or Quasi-Security incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits;
- (xvii) any Security or Quasi-Security (including without limitation, any Security granted under a cash pooling arrangement or other cash management system with a similar function) over cash deposited by any member of the Group with a financial institution who has, (or an Affiliate of such financial institution has), made a loan of the same amount to another member of the Group and the deposit is made on the terms that it is not repayable to the depositor until the relevant member of the Group has repaid the loan lent to it by the financial institution (or, as the case may be, such Affiliate of such financial institution);
- (xviii) any Security or Quasi-Security on property or assets of the Guarantor or any of its Subsidiaries securing Financial Indebtedness owing to the Guarantor or to a Subsidiary (the " **Group Creditor** ") provided that if the company granting Security is an Obligor, the Group Creditor must also be an Obligor; or
- (xix) Security or Quasi-Security not otherwise permitted by foregoing paragraphs (i) through (xviii) securing indebtedness the aggregate principal amount of which (when aggregated with the aggregate principal amount of Financial Indebtedness incurred pursuant to paragraph (f) of Clause 24.9 (*Indebtedness*) without double counting) shall not at any time exceed an amount equal to 10% of Consolidated Total Assets (as measured on the last day of the Guarantor's then most recently ended financial year).

24.4 Disposals

- (a) No Obligor shall (and the Guarantor shall ensure that no other member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of all or Substantial Part of the assets of the Group (but, for the avoidance of doubt, this shall not prevent the making of any lawful dividend (either in cash or in kind) or other distribution to shareholders).
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal by any member of the Group:
 - (i) made in the ordinary course of business and on arm's length terms or made on arm's length terms for fair market value;
 - (ii) (A) if an amount equal to the proceeds from such sale, lease, transfer or disposal is used to purchase other property for use in the business of the Group and of at least equivalent value during the eighteen (18) consecutive calendar month period beginning nine (9) calendar months before the date of such sale, lease, transfer or disposal and ending nine (9) calendar months after the date of such sale, lease, transfer or disposal or (B) made in exchange for other property for use in the business of the Guarantor and its Subsidiaries and of at least equivalent value;
 - (iii) of any obsolete, surplus, redundant, faulty, defective or returned assets not required for the efficient operation of the business of the Group;
 - (iv) of cash where that disposal is not otherwise prohibited by the Finance Documents;
 - (v) of any asset by a member of the Group (the " **Disposing Company** ") to another member of the Group (the " **Acquiring Company** "), but if the Disposing Company is an Obligor, the Acquiring Company must also be: (i) an Obligor or (ii) a Subsidiary at least 99.9% owned by an Obligor which owns production factories and is incorporated in either Russia, Poland or Turkey provided

that total disposals made under this sub-paragraph (ii) shall not exceed an aggregate of Euro 100 million over the life of the Facility;

- (vi) the net proceeds of which are applied with six (6) months after such sale, lease, transfer or disposal in prepayment of amounts due hereunder; or
- (vii) of assets made with the prior written consent of the Majority Lenders.

For the purposes of this Clause 24.4, the sale, lease, transfer or other disposal of assets shall be deemed to be a "Substantial Part" of the assets of the Group if (i) the book value of such assets, when added to the book value of all other assets sold, leased, transferred or disposed of by the Guarantor and its Subsidiaries during any given financial year exceeds 15% of Consolidated Total Assets (as measured on the last day of the Guarantor's then most recently ended financial year) or (ii) the book value of such assets, when added to the book value of all other assets sold, leased, transferred or disposed of on a cumulative basis from the date of the signing of this Agreement exceeds 20% of Consolidated Total Assets (as measured on the last day of the Guarantor's then most recently ended financial year).

24.5 [Intentionally left blank]

24.6 Merger

- (a) No Obligor shall enter into any amalgamation, demerger, merger or corporate reconstruction.
- (b) Paragraph (a) does not apply to any:
 - (i) amalgamation or merger of an Obligor with another member of the Group if the amalgamation or merger would not be reasonably likely to result in a Material Adverse Effect;
 - (ii) demerger of an Obligor if the demerger would not be reasonably likely to result in a Material Adverse Effect;
 - (iii) corporate reconstruction of an Obligor which would not be reasonably likely to result in a Material Adverse Effect; or
 - (iv) amalgamation, demerger, merger or corporate reconstruction entered into by any Obligor with the prior written consent of the Majority Lenders (not to be unreasonably withheld),

provided that (in the case of any Obligor other than the Guarantor), if the surviving entity will not be a company who has assumed all of the rights and obligations of the relevant Obligor and has become an Obligor hereunder, the relevant Obligor shall have transferred all of its rights and obligations hereunder to the Guarantor and shall have resigned in accordance with Clause 27.2 (*Resignation of a Borrower*) prior to any such merger, demerger or corporate reconstruction. For the avoidance of doubt, in the case of any amalgamation, demerger, merger or corporate reconstruction in respect of the Guarantor, the Guarantor shall be the surviving entity.

24.7 Change and nature of business

The Guarantor shall procure that no substantial change is made to the general nature of the business of each Obligor (save as a consequence of an amalgamation, demerger, merger or corporate reconstruction permitted pursuant to Clause 24.6 (*Merger*)) or the Group (taken as a whole) from that carried on at the date of this Agreement.

24.8 Insurance

Each Obligor shall (and the Guarantor shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

24.9 **Indebtedness**

The Guarantor will not permit any Subsidiary (other than the Borrowers) to create, assume, incur, guarantee or otherwise become liable in respect of any Financial Indebtedness except:

- (a) Financial Indebtedness of a Subsidiary outstanding on the date of this Agreement and set out in Schedule 13 (*Existing Indebtedness*) and any extension, renewal or refunding thereof, provided that the principal amount thereof outstanding immediately before giving effect to such extension, renewal or refunding is not increased so as to exceed the principal amount of such Financial Indebtedness outstanding on the date of this Agreement;
- (b) Financial Indebtedness of a Subsidiary outstanding at the time such Subsidiary becomes a Subsidiary and any extension, renewal or refunding of such Financial Indebtedness (“ **Acquired Subsidiary Financial Indebtedness** ”), provided that (i) (A) such Acquired Subsidiary Financial Indebtedness shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary, (B) immediately after such Subsidiary becomes a Subsidiary, no Default or Event of Default shall exist and (C) Financial Indebtedness of a Subsidiary shall cease to be Acquired Subsidiary Financial Indebtedness to the extent that such Financial Indebtedness remains Financial Indebtedness of a Subsidiary on the 365th day after such Subsidiary became a Subsidiary, and (ii) such Acquired Subsidiary Financial Indebtedness may be extended, renewed or refunded but shall cease to be considered Acquired Subsidiary Financial Indebtedness on the 365th day after the date on which such Subsidiary becomes a Subsidiary;
- (c) Financial Indebtedness owing to any member of the Group;
- (d) Finance Subsidiary Indebtedness;
- (e) Financial Indebtedness incurred by Material Subsidiaries (other than the Borrowers) up to 5% of Consolidated Total Assets (as measured on the last day of the Guarantor’s then most recently ended financial year); and
- (f) Financial Indebtedness of Subsidiaries not otherwise permitted by foregoing paragraphs (a) through (e), provided that (x) the aggregate principal amount of all Financial Indebtedness of Subsidiaries permitted under this paragraph (f) plus (without duplication) (y) the aggregate principal amount of all indebtedness secured by Security or Quasi-Security permitted under paragraph (c)(xix) of Clause 24.3 (*Negative Pledge*) shall not at any time exceed an amount equal to 10% of Consolidated Total Assets (as measured on the last day of the Guarantor’s then most recently ended financial year).

For purposes of this Clause 24.9, any Financial Indebtedness permitted by paragraph (b) above that remains outstanding at the time it ceases to be Acquired Subsidiary Financial Indebtedness shall be deemed to have been incurred as other Financial Indebtedness at such time and, for purposes of paragraph (c) above, a Subsidiary shall be deemed to have incurred Financial Indebtedness previously owed to the Guarantor or another Subsidiary at the time the obligee ceases for any reason to be the Guarantor or a Subsidiary.

24.10 **Acquisitions**

No Obligor shall, and the Guarantor shall procure that no member of the Group will acquire any company or business except where:

- (a) the object of the acquisition is another member of the Group;
- (b) the Enterprise Value of the company or business object of the acquisition does not exceed Euro 50,000,000; or
- (c) the acquisition satisfies the following conditions:

- (i) the acquired company, business or undertaking is engaged in a business substantially similar and/or complementary and/or ancillary to that carried on by the Group or the member of the Group acquiring the business, including, without limitation, any household appliance, appliances for any professional use and other home components in general; and
- (ii) either:
 - (A) the Enterprise Value is equal to or less than €500,000,000 (or its equivalent); or
 - (B) The Guarantor has provided the Agent a certificate (the "**Certificate**") signed by a Senior Financial Officer and prepared on the basis of information available to the Guarantor in respect of the company or business to be acquired on the date such Certificate has been prepared. The Certificate will: (i) confirm that following the acquisition, the financial covenants set out in Clause 23.2 (*Financial conditions*) will not or could not reasonably be expected to be breached on a pro-forma basis on the most recent Determination Date; and (ii) include financial projection based on assumptions believed, to the relevant Obligor's knowledge and belief, to be fair and reasonable at the time they were made provided that any such projection is not to be viewed as a fact and the factual results may differ from the projected results, confirming that such acquisition could not reasonably be expected to cause any of the financial covenants set out in Clause 23 (*Financial Covenants*) to be breached on a pro-forma basis for a 3 year period from the date of the Certificate.

For the purpose of this Clause 24.9, "**Enterprise Value**" means the purchase price paid by the relevant member of the Group in connection with such acquisition together with the amount of any Financial Indebtedness acquired by any member of the Group as a result of any such acquisition (and, in the case of an acquisition resulting in the ownership of less than the entire issued share capital of any person, the amount of the Financial Indebtedness acquired shall be limited to the percentage thereof equal to the ownership percentage of the relevant member of the Group making such acquisition).

24.11 **Environmental Compliance**

Each Obligor shall (and the Guarantor shall ensure that each member of the Group will) comply in all material respects with all Environmental Law and obtain and maintain any Environmental Permits where failure to do so could reasonably be expected to have a Material Adverse Effect.

24.12 **Environmental Claims**

The Guarantor shall inform the Agent in writing as soon as reasonably practicable upon becoming aware of the same if any Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened in writing against any member of the Group where the claim, could be reasonably expected, if determined against that member of the Group, to have a Material Adverse Effect.

25. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in this Clause 25 is an Event of Default.

25.1 **Non-payment**

An Obligor fails to pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by administrative or technical error and/or a Disruption Event; and
- (b) payment is made within 3 Business Days of its due date.

25.2 **Financial covenants**

Any requirement of Clause 23 (*Financial covenants*) is not satisfied.

25.3 Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.1 (*Non-payment*) and Clause 25.2 (*Financial covenants*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within:
 - (i) in relation to Clauses 24.3 (*Negative pledge*), 24.4 (*Disposals*), 24.7 (*Change and nature of business*) and 24.9 (*Indebtedness*), 10 Business Days; or
 - (ii) in relation to any other obligation, 20 Business Days,

of the Agent giving notice to the relevant Obligor of the failure to comply or, if earlier, of the relevant Obligor becoming aware of the failure to comply.

25.4 Misrepresentation

Any representation or statement made in writing or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

25.5 Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 25.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than €30,000,000 (or its equivalent in any other currency or currencies).

25.6 Insolvency

- (a) An Obligor or a Material Subsidiary is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) A moratorium is declared in respect of any indebtedness of any Obligor or any Material Subsidiary.

25.7 Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, the opening of proceedings for *sauvegarde* , *sauvegarde financière accélérée*, *redressement judiciaire* or *liquidation judiciaire* or a judgement for *cession totale ou partielle de*

l'entreprise pursuant to articles L.620-1 to L.670-8 of the French *Code de commerce* or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise, including in the context of a *mandat ad hoc* or of a *conciliation* in accordance with articles L.611.3 to L.611-15 of the French *Code de commerce*) of any Obligor or any Material Subsidiary other than a solvent liquidation or reorganisation of any Material Subsidiary which is not an Obligor;

- (b) a composition, assignment or arrangement with any creditor of any Obligor or any Material Subsidiary;
- (c) the appointment of a liquidator (other than in respect of a solvent liquidation or reorganisation of any Material Subsidiary which is not an Obligor), receiver, administrator, *mandataire ad hoc* , *conciliateur*, administrative receiver, compulsory manager or other similar officer in respect of any Obligor or any Material Subsidiary or any of its assets;
- (d) enforcement of any Security over any assets of any Obligor or any Material Subsidiary in excess of €30,000,000 (or its equivalent);
- (e) in respect of the Guarantor, the submission of such corporation to any procedure which is a *procedura concorsuale* , including without limitation those contemplated under Royal Decree No. 267 of 16 March 1942 and that contemplated under Legislative Decree No. 270 of 8 July 1999; or
- (f) the *faillite* , *gestion contrôlée* , *suspension des paiements* , *concordat judiciaire* or *liquidation judiciaire* of any Borrower incorporated in Luxembourg,

or any analogous procedure or step is taken in any jurisdiction.

25.8 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (including any of the enforcement proceedings provided for in French law n° 91-650 of 9 July 1991) affects any asset or assets of any Obligor or any Material Subsidiary having an aggregate value of at least €30,000,000 (or its equivalent in any other currency or currencies) and is not discharged within 60 days **provided that** the relevant Obligor is able to demonstrate, within 30 days of the occurrence of the relevant event, to the reasonable satisfaction of the Majority Lenders that the relevant expropriation, attachment, sequestration, distress or execution is being contested in good faith with reasonable chances of success.

25.9 **Unlawfulness**

It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents.

25.10 **Repudiation**

An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

25.11 **Material adverse change**

Any event or circumstance occurs which gives rise to, or would be reasonably likely to give rise to, a Material Adverse Effect and the Agent has given notice to the Guarantor that such event or circumstance has, or may have, occurred.

25.12 **Cessation of Business**

An Obligor ceases to conduct all or substantially all of the business carried on by it at the date of this Agreement.

25.13 **Article 2447 or 2482-ter of the Italian Civil Code**

The occurrence of the circumstances set forth in Article 2447, or 2482-ter, as applicable, of the Italian Civil Code in relation to any Obligor incorporated in Italy unless, without delay and in any event no later than 30 Business Days from the date on which such Obligor's directors have knowledge of such occurrence, (i) a shareholders' meeting is convened to vote on a resolution approving a capital increase to comply with the minimum capital requirements under Italian law and (ii) such capital increase has been fully paid up.

25.14 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, without *mise en demeure* or any other judicial or extra judicial step, and shall if so directed by the Majority Lenders, by notice to the Guarantor:

- (a) cancel the Total Commitments whereupon they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) require each Obligor to procure that the liabilities of each of the Lenders and the Fronting Banks under each Bank Guarantee are promptly reduced to zero; and/or
- (d) require each Obligor to provide Cash Collateral for each Bank Guarantee which has been issued on the request of that Obligor in an amount specified by the Agent and in the currency of that Bank Guarantee.

SECTION 9

CHANGES TO PARTIES

26. CHANGES TO THE LENDERS

26.1 Assignments and transfers by the Lenders

Subject to this Clause 26, a Lender (the " **Existing Lender** ") may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the " **New Lender** ").

26.2 Conditions of assignment or transfer

- (a) The written consent of the Guarantor is required for an assignment or transfer by a Lender, unless:
 - (i) the assignment or transfer is to another Lender or an Affiliate of the assigning or transferring Lender, **provided that** no additional Tax (whether withholding or otherwise), costs, fees or expenses will be payable by the Obligors; or
 - (ii) an Event of Default is continuing,
- (b) The written consent of the Guarantor to an assignment or transfer must not be unreasonably withheld or delayed. The Guarantor will be deemed to have given its consent twelve Business Days after the Lender has requested such consent unless it is expressly refused by the Guarantor within that time.
- (c) The consent of the relevant Fronting Bank is required for an assignment or transfer by a Lender in relation to a Bank Guarantee.
- (d) Any assignment or transfer by a Lender of its Commitment must be in a minimum amount of €5,000,000 (and multiples thereof) or, if lower the amount of that Lender's participation in the Facility.
- (e) An assignment will only be effective on: (i) receipt by the Agent and the Guarantor of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and (ii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (f) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for transfer*) is complied with.
- (g) If:
 - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to the New Lender or Lender acting through its

new Facility Office under Clause 15 (*Tax gross-up and indemnities*) or Clause 16 (*Increased costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

Notwithstanding the above, no assignment, transfer, sub-participation or subcontracting in relation to a Utilisation by a Borrower established in France or in Italy may be effected to a New Lender incorporated, domiciled, established or acting through a Facility Office situated, respectively, in a Non-Cooperative Jurisdiction or in a Blacklisted Jurisdiction without the prior consent of the Company, which shall not be unreasonably withheld. This paragraph (g) shall not apply in relation to Clause 15 (*Tax Gross Up and Indemnities*) to a Facility B Treaty Lender that has included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with paragraph (a) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*) if the Obligor making the payment has not complied with its obligations under paragraph (b) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*).

26.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of €2,500.

26.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

- (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
- (ii) the financial condition of any Obligor;
- (iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or
- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or

- (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

26.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (b) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) The New Lender shall, as soon as reasonably practicable after execution of the Transfer Certificate by the Agent in accordance with paragraph (a) above, deliver a copy of the relevant Transfer Certificate on the Guarantor.
- (d) On the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the " **Discharged Rights and Obligations** ");
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
 - (iii) the Agent, the Arranger, the New Lender, the other Lenders and the Fronting Banks shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger, the Fronting Banks and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
 - (iv) the New Lender shall become a Party as a "Lender".

26.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer"

or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) On the Assignment Date:

- (i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
- (ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the " **Relevant Obligations** ") and expressed to be the subject of the release in the Assignment Agreement; and
- (iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 26.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 26.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).

26.7 **Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Company**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Increase Confirmation, send to the Guarantor and to any Borrower incorporated in Luxembourg a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

26.8 **Disclosure of information**

- (a) The Lenders, the Arrangers and the Agent acknowledge that, Pursuant to the EC Directive 2003/6 and the Italian Law n.58, 24th February 1998 (" *Testo Unico della Finanza* ") as amended from time to time, the Guarantor, as Italian public listed company, approved certain procedures regarding Price Sensitive Information and infringements of the law on market abuse and the Lenders, the Arrangers and the Agent have been made aware of the consequent legal and regulatory obligations and relative penalties arising thereunder. Each of the Lenders, the Arrangers and the Agent shall abide to the above referenced procedure which is accessible on the Guarantor's website.
- (b) Subject to paragraph (a) above and (where applicable) to the provisions of article L.511-33 of the French *Code monétaire et financier* , any Lender may disclose to any of its Affiliates and any other person:
 - (i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;
 - (ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or
 - (iii) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (a) and (b) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

27. CHANGES TO THE OBLIGORS

27.1 Changes to the Obligors

Without prejudice to Clauses 27.2 (*Resignation of a Borrower*) and 27.3 (*Additional Borrowers*) neither Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

27.2 Resignation of a borrower

If at any time a Borrower (other than the Guarantor) is under no actual or contingent obligation under or pursuant to any Finance Document (including as a result of a transfer to another Obligor of all of its rights and Obligations hereunder) and such resignation would not affect the legality, validity or enforceability of any Finance Document, the Guarantor may request that such Borrower shall cease to be a Borrower by delivering to the Agent a Resignation Notice. Such Resignation Notice shall be accepted by the Agent on the date on which it notifies the Guarantor that it is satisfied that such Borrower is under no actual or contingent obligation under or pursuant to any Finance Document and such Borrower shall immediately cease to be a Borrower and shall have no further rights, benefits or obligations hereunder save for those which arose prior to such date.

27.3 Additional Borrowers

(a) *Request for Additional Borrower*

The Guarantor may request that any of its Subsidiaries (of which the Guarantor owns and controls (directly or indirectly) at least 99% of the capital and voting rights) become an Additional Borrower under Facility A (in respect of a Subsidiary incorporated in Italy) or Facility B (in respect of a Subsidiary incorporated in a jurisdiction other than Italy) by delivering to the Agent a Borrower Accession Memorandum duly executed by the Guarantor and such Subsidiary, together with the documents and other evidence listed in Schedule 12 (*Additional Conditions Precedent*) in relation to such subsidiary.

(b) *Borrower Conditions Precedent*

A company, in respect of which the Guarantor has delivered a Borrower Accession Memorandum in respect of the relevant Facility to the Agent (a " **Proposed Additional Borrower** "), shall become an Additional Borrower under such relevant Facility and assume all the rights, benefits and obligations of a Borrower as if it had been an Original Borrower on the date on which the Agent notifies the Guarantor that:

- (i) in respect of a Proposed Additional Borrower under such relevant Facility incorporated in:
 - (A) (1) any jurisdiction in which an existing Borrower of the relevant Facility is incorporated; or (2) in respect of Facility B, Germany, Ireland, the Netherlands, Spain and Switzerland, the Majority Lenders accept the Guarantor's request in respect of such Subsidiary; or
 - (B) any jurisdiction other than those listed in sub-paragraph (A) above, all the Lenders accept the Guarantor's request in respect of such Subsidiary; and
- (ii) the Agent has received, in form and substance satisfactory to it, all documents and other evidence listed in Schedule 12 (*Additional Conditions Precedent*) in relation to such Subsidiary,

unless on such date a Default is continuing or would occur as a result of such Subsidiary becoming an Additional Borrower. To the extent that, on the accession of an Additional Borrower, additional provisions would be required by the laws or regulations of the jurisdiction of that Additional Borrower, this Agreement shall be amended accordingly in accordance with Clause 38 (*Amendments and Waivers*).

(c) *Timing of request for Additional Borrower*

- (i) The Guarantor shall deliver a request pursuant to paragraph (a) above no later than 10 (ten) Business Days in advance of the date on which it proposes the Proposed Additional Borrower accede to this Agreement (the "**Proposed Accession Date**").
- (ii) Any consent required pursuant to Clause 27.3(b)(i) above shall be given no later than 5 (five) Business Days in advance of the Proposed Accession Date.
- (d) Upon becoming an Additional Borrower that Subsidiary shall make any filings (and provide copies of such filings) as required by paragraph (g) of Clause 15.7 (*Tax filings*) and paragraph (b) of Clause 15.8 (*HMRC DT Treaty Passport scheme confirmation*) in accordance with those paragraphs.

27.4 **Additional Guarantors**

- (a) Subject to compliance with the provisions of Clause 22.6 (*"Know your customer" checks*), if a company is required to become a guarantor pursuant to the terms of this Agreement, that company shall become an Additional Guarantor if:
 - (i) the Guarantor delivers to the Agent a duly completed and executed Guarantor Accession Letter; and
 - (ii) the Agent has received all of the documents and other evidence listed in Schedule 12 (*Additional Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Schedule 12 (*Additional Conditions Precedent*).

SECTION 10
THE FINANCE PARTIES

28. ROLE OF THE AGENT AND THE ARRANGER

28.1 Appointment of the Agent

- (a) Each other Finance Party (other than the Arranger) appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each other Finance Party authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

28.2 Duties of the Agent

- (a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (c) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Arranger) under this Agreement it shall promptly notify the other Finance Parties.
- (e) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (f) The Agent shall promptly notify the Guarantor and the other Finance Parties upon becoming aware of the occurrence of any event under: (i) of the definition of "Defaulting Lender"; or (ii) the definition of "Impaired Agent" in relation to itself.

28.3 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

28.4 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Agent or the Arranger as a trustee or fiduciary of any other person.
- (b) Neither the Agent nor the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

28.5 Business with the Group

The Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

28.6 Rights and discretions of the Agent

- (a) The Agent may rely on:
 - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

- (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.1 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
 - (iii) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of the Guarantor.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) The Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

28.7 **Majority Lenders' instructions**

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.
- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

28.8 Responsibility for documentation

Neither the Agent nor the Arranger:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arranger, an Obligor or any other person given in or in connection with any Finance Document or the transactions contemplated in the Finance Documents;
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

28.9 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 32.11 (*Disruption to Payment Systems etc.*), the Agent will not be liable including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause (subject to Clause 1.6 (*Third Party Rights*) and of the provisions of the Third Parties Act).
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

28.10 Lenders' indemnity to the Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 32.11 (*Disruption to Payment Systems etc.*) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

28.11 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and the Obligors.

- (b) Alternatively the Agent may resign by giving notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Guarantor) may appoint a successor Agent, which shall not be incorporated, domiciled, established or acting through an office situated in a Non-Cooperative Jurisdiction.
- (c) The Company may, on no less than 30 days' prior notice to the Agent, replace the Agent by requiring the Lenders to appoint a replacement Agent if any amount payable under a Finance Document by an Obligor established in France becomes not deductible from that Obligor's taxable income for French tax purposes by reason of that amount (i) being paid or accrued to an Agent incorporated, domiciled, established or acting through an office situated in a Non-Cooperative Jurisdiction or (ii) paid to an account opened in the name of that Agent in a financial institution situated in a Non-Cooperative Jurisdiction. In this case, the Agent shall resign and a replacement Agent shall be appointed by the Majority Lenders (after consultation with the Company) within 30 days after notice of replacement was given, provided that such replacement Agent shall not be incorporated, domiciled, established or acting through an office situated in a Non-Cooperative Jurisdiction.
- (d) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Guarantor) may appoint a successor Agent (acting through an office in the United Kingdom).
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

28.12 Replacement of the Agent

- (a) After consultation with the Company, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent.
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

28.13 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

28.14 **Relationship with the Lenders**

- (a) The Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Each Lender shall supply the Agent with any information required by the Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (*Mandatory Cost formulae*).

28.15 **Credit appraisal by the Lenders**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and each Fronting Bank confirms to the Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Lender or Fronting Bank has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

28.16 **Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Borrower) appoint another Lender or an Affiliate of another Lender to replace that Reference Bank.

28.17 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

29. **THE LENDERS AND THE FRONTING BANKS**

29.1 **Lenders' Indemnity**

If any Borrower fails to comply with its obligations under Clause 10.2 (*Obligors' Indemnity to Fronting Banks*) the Agent shall make demand on each Lender for its share of that Guarantee Amount and each Lender shall indemnify the relevant Fronting Bank for that Lender's Bank Guarantee Proportion of each Guarantee Amount.

29.2 **Obligations not Discharged**

Neither the obligations of each Lender in this Clause 29 nor the rights, powers and remedies conferred upon a Fronting Bank by this Agreement or by law shall be discharged, impaired or otherwise affected by:

- (a) the winding-up, dissolution, administration or re-organisation of the Fronting Bank, the Borrower or any other person or any change in its status, function, control or ownership;
- (b) any of the obligations of a Fronting Bank, the Borrower or any other person under this Agreement, under a Bank Guarantee or under any other security taken in respect of its obligations under this Agreement or under a Bank Guarantee being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- (c) time or other indulgence being granted or agreed to be granted to a Fronting Bank, the Borrower or any other person in respect of its obligations under this Agreement, under a Bank Guarantee or under any other security;
- (d) any amendment to, or any variation, waiver or release of, any obligation of a Fronting Bank, the Borrower or any other person under this Agreement, under a Bank Guarantee or under any other security; and
- (e) any other act, event or omission which, but for this Clause 29.2, might operate to discharge, impair or otherwise affect any of the obligations of each Lender in this Agreement contained or any of the rights, powers or remedies conferred upon any Fronting Bank by this Agreement or by law.

The obligations of each Lender in this Agreement contained shall be in addition to and independent of every other security which a Fronting Bank may at any time hold in respect of any Bank Guarantee.

29.3 **Settlement Conditional**

Any settlement or discharge between a Lender and a Fronting Bank shall be conditional upon no security or payment to a Fronting Bank by a Lender or any other person on behalf of a Lender being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application and, if any such security or payment is so avoided or reduced, a Fronting Bank shall be entitled to recover the value or amount of such security or payment from such Lender subsequently as if such settlement or discharge had not occurred.

29.4 **Exercise of Rights**

No Fronting Bank shall be obliged before exercising any of the rights, powers or remedies conferred upon them in respect of any Lender by this Agreement or by law:

- (a) to take any action or obtain judgment in any court against an Obligor;
- (b) to make or file any claim or proof in a winding-up or dissolution of an Obligor; or
- (c) to enforce or seek to enforce any other security taken in respect of any of the obligations of an Obligor under this Agreement.

30. **Conduct of business by the Finance Parties**

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

31. SHARING AMONG THE FINANCE PARTIES

31.1 Payments to Finance Parties

If a Finance Party (a " **Recovering Finance Party** ") receives or recovers any amount from an Obligor other than in accordance with Clause 32 (*Payment mechanics*) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 32 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the " **Sharing Payment** ") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 32.6 (*Partial payments*).

31.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 32.6 (*Partial payments*).

31.3 Recovering Finance Party's rights

- (a) On a distribution by the Agent under Clause 31.2 (*Redistribution of payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

31.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 31.2 (*Redistribution of payments*) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and
- (b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

31.5 Exceptions

- (a) This Clause 31 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
- (i) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11

ADMINISTRATION

32. PAYMENT MECHANICS

32.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document to any Finance Party, that Obligor or that Lender shall make the same available to the Agent (on behalf of and for the exclusive benefit of that Finance Party) (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment. The Agent shall specify in the notice to be sent to the relevant Obligor that the payment to be made to the Agent is on behalf of and for exclusive benefit of the relevant Finance Party.
- (b) The Agent shall specify to which account and in which currency each payment to be made with respect to any amount due with respect to any Loan should be made and such payment shall be made to such account in Italy with such banks as the Agent shall specify, and in any case not to an account in a Non-Cooperative Jurisdiction.

32.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 32.3 (*Distributions to an Obligor*), Clause 32.4 (*Clawback*) and Clause 28.17 (*Deduction from amounts payable by the Agent*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London), other than a Non-Cooperative Jurisdiction.

32.3 Distributions to an Obligor

The Agent may (with the consent of the relevant Obligor or in accordance with Clause 33 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

32.4 Clawback

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

32.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 32.1 (*Payments to the Agent*) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Eligible Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.

- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 32.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 28.12 (*Replacement of the Agent*), each Party which has made a payment to a trust account in accordance with this Clause 32.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 32.2 (*Distributions by the Agent*).

32.6 Partial payments

- (a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
 - (i) **first** , in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent and the Arranger under the Finance Documents;
 - (ii) **secondly** , in or towards payment of any demand made by a Fronting Bank in respect of a payment made or to be made by it under a Bank Guarantee due but unpaid;
 - (iii) **thirdly** , in or towards payment pro rata of any accrued interest, commission or Fronting Bank fee due but unpaid under this Agreement;
 - (iv) **fourthly** , in or towards payment pro rata of any Outstandings due but unpaid under this Agreement; and
 - (v) **fifthly** , in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (v) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

32.7 No set-off by Obligor

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

32.8 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

32.9 Currency of account

- (a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.

- (b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.
- (f) Each payment in respect of a Bank Guarantee (including any Cash Collateral in respect of a Bank Guarantee) shall be made in the currency in which that Bank Guarantee is denominated.

32.10 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Guarantor); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Guarantor) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

32.11 Disruption to Payment Systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Company that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 38 (*Amendments and Waivers*);

- (e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence or any other category of liability whatsoever but not including any claim based on the fraud or gross negligence of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 32.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

33. **SET-OFF**

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

34. **NOTICES**

34.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

34.2 **Addresses**

- (a) The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:
 - (i) in the case of an Obligor, that identified with its name below;
 - (ii) in the case of each Lender and Fronting Bank, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
 - (iii) in the case of the Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

- (b) Any communication or document made or delivered:
 - (i) to the Guarantor or any Obligor must also be made or, as the case may be, delivered to Indesit Company International Business S.A.; and
 - (ii) by the Guarantor and/or Indesit Company International Business S.A. to the Agent in accordance with this Clause 34.2 and which is stated to be delivered on behalf of an Obligor, will be deemed to have been made or delivered by such Obligor.
- (c) Any communication or document for an Obligor will be deemed to have been made or delivered to the Obligor if it is made or delivered to the Guarantor.

34.3 **Delivery**

- (a) Save as provided in Clause 22.4(b), any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address; and

and, if a particular department or officer is specified as part of its address details provided under Clause 34.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

34.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 34.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

34.5 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

34.6 Electronic communication

(a) Any communication to be made between the Agent, a Lender and an Obligor under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Lender and/or Obligor, as the case may be:

- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent, a Lender and/or an Obligor will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

34.7 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

- (i) in English; or
- (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

35. **CALCULATIONS AND CERTIFICATES**

35.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

35.2 **Certificates and Determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document and by a Fronting Bank as to the amount paid out by a Fronting Bank in respect of any Bank Guarantee which sets out details of the relevant calculation is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

35.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days in relation to the Sterling and a year of 360 days in relation to any other currency or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

36. **PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

37. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

38. **AMENDMENTS AND WAIVERS**

38.1 **Required consents**

- (a) Subject to Clause 38.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

38.2 **Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
 - (ii) the definition of "Liquidity Premium" in Clause 1.1 (*Definitions*);
 - (iii) an extension to the date of payment of any amount under the Finance Documents;
 - (iv) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (v) an increase in or an extension of any Commitment;

- (vi) (subject to Clauses 27.2 (*Resignation of a Borrower*) and 27.3 (*Additional Borrowers*)) a change to the Borrower or Guarantor;
 - (vii) any provision which expressly requires the consent of all the Lenders;
 - (viii) Clause 2.3 (*Finance Parties' rights and obligations*), Clause 9.3 (*Change of Control*), Clause 26 (*Changes to the Lenders*), Clause 31 (*Sharing among the Finance Parties*) or this Clause 38; or
 - (ix) the nature or scope of the guarantee and indemnity granted under Clause 20 (*Guarantee and indemnity*),
- shall not be made without the prior consent of all the Lenders.
- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Fronting Banks or the Arranger may not be effected without the consent of the Agent, the Fronting Banks or the Arranger.

38.3 **Annual review of the Liquidity Premium**

The Liquidity Premium may be reviewed in accordance with sub-paragraph (d) of Clause 7.2 (*Loans in Sterling and Dollars*).

38.4 **Disenfranchisement of Defaulting Lenders**

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments.
- (b) For the purposes of this Clause 38.4, the Agent may assume that the following Lenders are Defaulting Lenders:
 - (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of " **Defaulting Lender** " has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

38.5 **Replacement of a Defaulting Lender**

- (a) The Guarantor may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 10 Business Days' prior written notice to the Agent and such Lender:
 - (i) replace such Lender by requiring such Lender to (and to the extent permitted by law such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement;
 - (ii) require such Lender to (and to the extent permitted by law such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of the undrawn Commitment of the Lender; or
 - (iii) require such Lender to (and to the extent permitted by law such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations,

to a Lender or other bank, financial institution, trust, fund or other entity (a " **Replacement Lender** ") selected by the Company, and which is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender's participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Bank Guarantee fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:
- (i) the Company shall have no right to replace the Agent;
 - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Company to find a Replacement Lender;
 - (iii) the transfer must take place (as soon as practicable) in accordance with clause 26.5 (*Procedure for transfer*);
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents;
 - (v) any replacement of a Defaulting Lender which is the Agent shall not affect its role as the Agent; and
 - (vi) the Guarantor shall bear all costs and expenses reasonably incurred and registration taxes, stamp duties and other similar taxes payable in connection with such transfers to the replacement Lender.

39. **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

40. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

41. ENFORCEMENT

41.1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligations arising out of or in connection with this Agreement) (a " **Dispute** ").
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 41.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

41.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Obligor other than Indesit Company UK Ltd and General Domestic Appliances Holdings Ltd:

- (a) irrevocably appoints Indesit Company UK Ltd as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- (b) agrees that failure by a process agent to notify the Guarantor of the process will not invalidate the proceedings concerned.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE I
THE ORIGINAL PARTIES

Part I - The Obligors

Name of Obligor	Registration Number or Equivalent (if any)
Indesit Company S.p.A.	00693740425
Indesit Company France S.A.S.	RCS Meaux 335 075 404
Indesit Company Luxembourg S.A.	B15826
Indesit Company UK Ltd	106725
General Domestic Appliances Holdings Ltd	610606

Part II

The Original Facility A Lenders

Name of Original Lender	Commitment
Banca dell'Adriatico S.p.A.	32,400,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd, Milan Branch	16,200,000
BNP Paribas, Succursale Italia	32,400,000
Centrobanca - Banca di Credito Finanziario e Mobiliare S.p.A.	25,000,000
Citibank, N.A., Milan Branch	32,400,000
HSBC Bank plc, Milan Branch	32,400,000
ING Bank N.V., Milan Branch	32,400,000
Mediobanca - Banca di Credito Finanziario S.p.A.	32,400,000
UniCredit S.p.A.	32,400,000
TOTAL:	€268,000,000

Part III

The Original Facility B Lenders

Treaty Passport scheme reference number and jurisdiction of tax residence (if applicable)

Name of Original Lender	Commitment	
The Bank of Tokyo-Mitsubishi UFJ, Ltd, Milan Branch	8,800,000	
BNP Paribas, Succursale Italia	17,600,000	
Citibank International plc	17,600,000	
HSBC Bank plc	17,600,000	
ING Bank N.V., Milan Branch	17,600,000	
Intesa Sanpaolo S.p.A., London Branch	17,600,000	
Mediobanca International (Luxembourg) S.A.	17,600,000	48 / M / 315419 / DTTP
UniCredit S.p.A., London Branch	17,600,000	
TOTAL:	€132,000,000	

SCHEDULE 2
CONDITIONS PRECEDENT
Conditions precedent to initial Utilisation

1. Obligors

- (a) A copy of the constitutional documents of each Obligor, being in respect of each Obligor incorporated in Italy:
 - (i) A copy of the deed of incorporation (*atto costitutivo*) and of the current by-laws (*statuto* or *statuts*) of such Obligor.
 - (ii) A certificate of registration (*certificato di iscrizione*) of the Original Obligor with the relevant Companies' Register dated not earlier than 7 Business Days from the signing date, confirming that no insolvency procedures have been started in relation to such Obligor.
 - (iii) If required by its existing by-laws, a copy of the resolution of the Shareholders' Meeting of such Obligor approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party.
- (b) A copy of a resolution of the board of directors or other relevant corporate body of each Obligor:
 - (iv) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (v) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (vi) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by the resolutions referred to in paragraphs (b) above.
- (d) In respect of each Obligor incorporated in France, copy of the certificate of registration with the commercial and companies registry (Extrait K-bis) and a non-insolvency certificate provided by the commercial and companies registry (*registre du commerce et des sociétés*) of Meaux) dated at the latest 15 days prior to the date of this Agreement.
- (e) In respect of each Obligor incorporated in Luxembourg:
 - (vii) an up-to-date excerpt from the Luxembourg Register of Commerce and Companies dated not more than two (2) Business Days prior to the execution of the Agreement;
 - (viii) a certificate from the Luxembourg Trade and Companies Register for Luxco dated no more than one day prior to the date of the Agreement and stating that no judicial decision has been registered with the Luxembourg Trade and Companies Register by application of article 13, items 2 to 11 and 13 and article 14 of the Luxembourg law dated 19 December 2002 relating to the register of commerce and companies as well as the accounting and the annual accounts of companies, as amended; and
 - (ix) a certificate from a director of each Obligor incorporated in Luxembourg certifying that such Obligor is not subject to bankruptcy (*faillite*), controlled management (*gestion contrôlée*),

suspension of payments (*sursis de paiement*), arrangement with creditors (*concordat préventif de faillite*) and judicial liquidation (*liquidation judiciaire*) proceedings and, to the best of its knowledge, no petition for the opening of such proceedings has been presented.

- (f) A certificate of the Guarantor (signed by a Senior Financial Officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on any Obligor to be exceeded.
- (g) A certificate of an authorised signatory of the Guarantor certifying that each copy document relating to any Obligor specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. **Legal opinions**

- (a) A legal opinion of the legal advisers to the Arranger and the Agent, as to the legal, valid and binding nature of this Agreement, substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (b) A legal opinion of the legal advisers to the Arranger and the Agent, for each Obligor's place of incorporation, as to the power and capacity of each Obligor in respect of its entry into this Agreement, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

3. **Other documents and evidence**

- (a) The Original Financial Statements.
- (b) Evidence that the fees, costs and expenses then due from any Obligor pursuant to Clause 14 (*Fees*) and Clause 19 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date or such dates as specified in the relevant Fee Letters.
- (c) Evidence that any process agent referred to in Clause 41.2 (*Service of process*) has accepted its appointment.
- (d) An irrevocable cancellation letter signed on the date of this Agreement evidencing that all Refinanced Indebtedness will have been cancelled and repaid by the earlier of: (i) 5 Business Days from the date of this Agreement (or later according to the terms of the cancellation letter); and (ii) the first Utilisation Date.
- (e) The Fee Letters duly executed.
- (f) The TEG Letter duly executed.
- (g) A summary sheet signed for acknowledgment and acceptance by Indesit Company S.p.A., and constituting the Documento di Sintesi required by the relevant Italian banking regulations, namely Section 10 of the Bank of Italy's Regulation of 25 July 2003 and the C.I.C.R. resolution dated 4 March 2003.
- (h) "Know Your Customer"/ money laundering documentation which the Agent considers to be necessary and has received by the signing date (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document.

REQUESTS

Utilisation Request - Loan

From: [*]

To: UniCredit Bank AG, Milan Branch

Dated:

Dear Sirs

€400,000,000 Facility Agreement dated [July 2011](the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to request a Loan on behalf of [•] as Borrower on the following terms:

Facility	[Facility A/Facility B]
Proposed Utilisation Date:	[•] (or, if that is not a Business Day, the next Business Day)
Currency of Loan:	[•]
Amount:	[•] or, if less, the Available Facility
Interest Period:	[•]
[Expiry Date:]	[•]
3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. The proceeds of this Loan should be credited to [*account*].
5. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for
[•]

Utilisation Request - Bank Guarantee

From: [*]

To: UniCredit Bank AG, Milan Branch

Dated:

Dear Sirs

€400,000,000 Facility Agreement dated [July 2011](the "Agreement")

6. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
7. We wish [the Lenders]/[name of Lender as Fronting Bank] to issue a Bank Guarantee as follows:
- | | |
|-----------------------------|--|
| Facility | [Facility A/Facility B] |
| Proposed Utilisation Date: | [•] (or, if that is not a Business Day, the next Business Day) |
| Currency of Bank Guarantee: | [•] |
| Amount: | [•] or, if less, the Available Facility |
| Interest Period: | [•] |
| [Expiry Date:] | [•] |
8. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
9. The Bank Guarantee should be issued in favour of [*name of beneficiary*] in the form attached and delivered to the recipient at [address of recipient]. The purpose of its issue is [•]. The form of the Bank Guarantee is attached hereto.
10. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for
[•]

SCHEDULE 4
Mandatory Cost Formulae

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the " **Additional Cost Rate** ") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Agent. This percentage will be certified by that Lender in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Agent as follows:

(a) in relation to a sterling Loan:

$$\frac{AB + C(B-D) + E \times 0.01}{100 - (A+C)} \text{ per cent. per annum}$$

(b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (a) of Clause 11.3 (*Default interest*)) payable for the relevant Interest Period on the Loan.
- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.
- D is the percentage rate per annum payable by the Bank of England to the Agent on interest bearing Special Deposits.
- E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Agent pursuant to paragraph 7 below and expressed in euro per €1,000,000.
5. For the purposes of this Schedule:
 - (a) " **Eligible Liabilities** " and " **Special Deposits** " have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

- (b) " **Fees Rules** " means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
- (c) " **Fee Tariffs** " means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
- (d) " **Tariff Base** " has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by the Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in euro per €1,000,000 of the Tariff Base of that Reference Bank.
8. Each Lender shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
- (a) the jurisdiction of its Facility Office; and
- (b) any other information that the Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Agent of any change to the information provided by it pursuant to this paragraph.
9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.
10. The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.
13. The Agent may from time to time, after consultation with the Borrower and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial

Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

SCHEDULE 1
SCHEDULE 5
FORM OF TRANSFER CERTIFICATE

To: UniCredit Bank AG, Milan Branch as Agent

From: [*The Existing Lender*] (the " **Existing Lender** ") and [*The New Lender*] (the " **New Lender** ")

Dated:

€400,000,000 Facility Agreement dated [] (the "Agreement")

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 26.5 (*Procedure for transfer*):
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 26.5 (*Procedure for transfer*).
 - (b) The proposed Transfer Date is [•].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 26.4 (*Limitation of responsibility of Existing Lenders*).
4. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
 - (a) not a Qualifying Lender;
 - (b) a Facility A Qualifying Lender;
 - (c) a Facility B Qualifying Lender; or
 - (d) a Facility B Treaty Lender.*and that it is not incorporated, domiciled, established or acting through a Facility Office situated in a Non-Cooperative Jurisdiction or in a Blacklisted Jurisdiction.
5. [The New Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number []), and is tax resident in []** so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies the Company that:
 - (a) each Borrower which is a Party as a Borrower as at the Transfer Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of the Transfer Date; and
 - (b) each Additional Borrower which becomes an Additional Borrower after the Transfer Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of becoming an Additional Borrower.]***
6. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

7. This Transfer Certificate is governed by English law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details and complete Annex 1*]

[*Facility Office address, fax number and attention details for notices and account details for payments,*]

[Existing Lender]

By:

[New Lender]

By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [•].

[Agent]

By:

NOTES:

- * Delete as applicable - each New Lender is required to confirm which of these four categories it falls within.
- ** Insert jurisdiction of tax residence.
- *** This confirmation must be included if the New Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Agreement.

SCHEDULE 6
Form of Assignment Agreement

To: UniCredit Bank AG, Milan Branch as Agent

From: [*The Existing Lender*] (the " **Existing Lender** ") and [*The New Lender*] (the " **New Lender** ")

Dated:

€400,000,000 Facility Agreement dated [] (the "Agreement")

1. We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to Clause 26.6 (*Procedure for assignment*):
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitments and participations in Loans under the Agreement as specified in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in Loans under the Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
 - (a) not a Qualifying Lender;
 - (b) a Facility A Qualifying Lender;
 - (c) a Facility B Qualifying Lender; or
 - (d) a Facility B Treaty Lender.*and that it is not incorporated, domiciled, established or acting through a Facility Office situated in a Non-Cooperative Jurisdiction or in a Black Listed Jurisdiction.
4. [The New Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number []), and is tax resident in []** so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies the Company that:
 - (a) each Borrower which is a Party as a Borrower as at the Assignment Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of the Assignment Date; and
 - (b) each Additional Borrower which becomes an Additional Borrower after the Assignment Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of becoming an Additional Borrower.]

5. The proposed Assignment Date is [•].

6. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
7. On the Assignment Date the New Lender becomes Party to the Finance Documents as a Lender.
8. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 26.4 (*Limitation of responsibility of Existing Lenders*).
9. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
10. This Assignment Agreement is governed by English law.

THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[insert relevant details and complete Annex 1]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

By:

[New Lender]

By:

This Assignment Agreement is accepted by the Agent and the Assignment Date is confirmed as [•].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

NOTES:

- * Delete as applicable - each New Lender is required to confirm which of these four categories it falls within.
- ** Insert jurisdiction of tax residence.
- *** This confirmation must be included if the New Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Agreement.

SCHEDULE 7
Form of Compliance Certificate

To: UniCredit Bank AG, Milan Branch as Agent

From: Indesit Company S.p.A.

Dated:

Dear Sirs

€400,000,000 Facility Agreement dated [] (the "Agreement")

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
 - 2.1 Consolidated Net Borrowings as at [•] are [•];
 - 2.2 Consolidated EBITDA for the relevant period ending on [•] is [•];
 - 2.3 the ratio of Consolidated Net Borrowings to Consolidated EBITDA as at [•] is [•]; and
 - 2.4 the ratio of Consolidated EBITDA to Consolidated Net Interest as at [•] is [•].
3. [We confirm that no Default is continuing.]

Signed:.....
Senior Financial Officer
Indesit Company S.p.A.

.....
Senior Financial Officer
of Indesit Company S.p.A.

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 8
[INTENTIONALLY LEFT BLACK]

**SCHEDULE 9
TIMETABLES**

Part I - Loans

	Loans in sterling, dollars and other Optional Currencies	Loans in euro
Request for approval as an Optional Currency or notification of a proposed Utilisation in Sterling or Dollars, if required (Clause 4.3 (<i>Conditions relating to Optional Currencies</i>)) and the Additional Cost of Funding	U-5 9:30 am	N/A
Agent notifies the Borrower if a currency is approved as an Optional Currency or maximum amount in Sterling or Dollars that can be requested without exceeding Pre-Agreed Limit, in accordance with Clause 4.3 (<i>Conditions relating to Optional Currencies</i>) and the Additional Cost of Funding	U-4 3:00 pm	N/A
Delivery of a duly completed Utilisation Request (Clause 5.1 (<i>Delivery of a Utilisation Request</i>))	U-3 Noon	U-3 Noon
Agent determines (in relation to a Utilisation) the Base Currency Amount of the Loan, if required under Clause 5.4 (<i>Lenders' and Fronting Banks' participation</i>)	U-3 15.30	N/A
Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (<i>Lenders' and Fronting Banks' participation</i>)	U-3 4.00 pm	U-3 4.00 pm
Agent receives a notification from a Lender under Clause 7.3 (<i>Unavailability of a currency</i>)	U-2 9:30 am	N/A
Agent gives notice in accordance with Clause 7.3 (<i>Unavailability of a currency</i>)	U-2 Noon	N/A
LIBOR or EURIBOR is fixed	Quotation Day as of 11.00 a.m. Brussels time in respect of EURIBOR and as of 11:00 a.m. London time in respect of LIBOR	Quotation Day as of 11:00 a.m.

"U" = date of utilisation

"U - X" = X Business Days prior to date of utilisation

Part II Bank Guarantees

	Bank guarantees
Delivery of a duly completed Utilisation Request (Clause 5.1 (<i>Delivery of a Utilisation Request</i>)	U-3 9.30am
Agent notifies the Lenders of the Bank Guarantee in accordance with Clause 5.4 (<i>Lenders' and Fronting Banks' participation</i>).	U-1 noon

SCHEDULE 10
Form of Bank Guarantee

To: [*Beneficiary*]

(the " **Beneficiary** ")

[Date]

Irrevocable Bank Guarantee no. [•]

At the request of [•], [*] (the " **Issuing Bank** ") issues this irrevocable bank guarantee (" **Bank Guarantee** ") covering [•] in your favour on the following terms and conditions:

1. **Definitions**

In this Bank Guarantee:

" **Business Day** " means a day (other than a Saturday or a Sunday) on which banks are open for general business in Milan and [*insert financial centre of currency in which Bank Guarantee is denominated*].

" **Demand** " means a demand for a payment under this Bank Guarantee in the form of the schedule to this Bank Guarantee.

" **Expiry Date** " means [•].

" **Total Bank Guarantee Amount** " means [•].

2. **Issuing Bank's agreement**

- (a) The Beneficiary may request a drawing or drawings under this Bank Guarantee by giving to the Issuing Bank a completed Demand. A Demand must be received by the Issuing Bank by [•] p.m. (London time) on a date not later than the Expiry Date.
- (b) Subject to the terms of this Bank Guarantee, the Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within ten Business Days of receipt by it of a Demand, it must pay to the Beneficiary the amount demanded in that Demand.

3. **Expiry**

- (a) The Issuing Bank will be released from its obligations under this Bank Guarantee on the date (if any) notified by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Bank Guarantee are released.
- (b) Unless previously released under paragraph (a) above, on [•] p.m. (London time) on the Expiry Date the obligations of the Issuing Bank under this Bank Guarantee will cease with no further liability on the part of the Issuing Bank except for any Demand validly presented under the Bank Guarantee that remains unpaid.
- (c) When the Issuing Bank is no longer under any further obligations under this Bank Guarantee, the Beneficiary must return the original of this Bank Guarantee to the Issuing Bank.

4. **Payments**

All payments under this Bank Guarantee shall be made in [•] and for value on the due date to the account of the Beneficiary specified in the Demand.

5. **Delivery of Demand**

Each Demand shall be in writing, and, unless otherwise stated, must be made by original letter and must be received in legible form by the Issuing Bank on or prior to the Expiry Date at its address and by the particular department or officer (if any) as follows:

[

]
]

6. **Assignment**

The Beneficiary's rights under this Bank Guarantee may not be assigned or transferred.

7. **Governing Law**

This Bank Guarantee is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce publication number 500 (the "Uniform Customs"), except to the extent the Uniform Customs are inconsistent with the provisions hereof. This Bank Guarantee shall be governed and construed in accordance with the laws of England.

8. **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Bank Guarantee.

Yours faithfully,

[*]

By:

SCHEDULE 11
Form Of Demand

To: [*]

[Date]

Dear Sirs

Bank Guarantee no. [*] issued in favour of [BENEFICIARY] (the " Bank Guarantee ")

We refer to the Bank Guarantee. Terms defined in the Bank Guarantee have the same meaning when used in this Demand.

1. We certify that the sum of [*] is due [and has remained unpaid for at least [*] Business Days] [under [set out underlying contract or agreement]]. We therefore demand payment of the sum of [*].
2. Payment should be made to the following account:

Name:

Account Number:

IBAN:

Bank:

SWIFT:

Yours faithfully

(Authorised Signatory)(Authorised Signatory)

For

[BENEFICIARY]

SCHEDULE 12
ADDITIONAL CONDITIONS PRECEDENT

- (a) A copy, certified as at the date of the relevant Accession Memorandum a true and up-to-date copy by an Authorised Signatory of the proposed Additional Obligor, of the constitutional documents (statuts) of such proposed Additional Obligor and with respect to any Additional Borrower incorporated in France, an original extract (*extrait K-bis*) and non-insolvency certificate provided by the commercial and companies registry (*registre du commerce et des sociétés*), not more than fifteen (15) days old.
- (b) A copy, certified as at the date of the relevant Accession Memorandum of a true and up-to-date copy by an Authorised Signatory of the proposed Additional Obligor, of a board resolution or other relevant corporate body of such proposed Additional Obligor approving the execution and delivery of an Accession Memorandum, the accession of such proposed Additional borrower to this Agreement and the performance of its obligations under the Finance Documents and authorising a named person or persons to sign such Accession Memorandum, any other Finance Document and any other documents to be delivered by such proposed Additional Obligor pursuant thereto.
- (c) A certificate of an Authorised Signatory of the proposed Additional Obligor setting out the names and signatures of the person or persons authorised to sign, on behalf of such proposed Additional Obligor, the Accession Memorandum, any other Finance Documents and any other documents to be delivered by such proposed Additional Obligor pursuant thereto.
- (d) A certificate of an Authorised Signatory of the proposed Additional Obligor confirming that the utilisation of the Facilities would not breach any restriction of its borrowing powers.
- (e) If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, a copy, certified a true copy by or on behalf of the proposed Additional Obligor, of each such law, consent, licence, approval, registration or declaration as is, in the opinion of counsel to the Agent, necessary to render the relevant Accession Memorandum legal, valid, binding and enforceable, to make such Accession Memorandum admissible in evidence in the proposed Additional Obligor's jurisdiction of incorporation and to enable the proposed Additional Obligor to perform its obligations thereunder and under the other Finance Documents.
- (f) A copy, certified a true copy by an Authorised Signatory of the proposed Additional Obligor, of its latest financial statements.
- (g) If the Additional Borrower is incorporated in France, an executed TEG letter duly countersigned by such Additional Borrower.
- (h) If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, a due capacity legal opinion of the Agent's local counsel in the relevant jurisdiction in form and substance satisfactory to the Agent.
- (i) A legal valid and binding opinion of [overseas lawyers], solicitors to the Agent, in form and substance satisfactory to the Agent.
- (j) Any "Know Your Customer" documentation.
- (k) If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in the relevant Accession Memorandum has agreed to act as its agent for the service of process in England.

SCHEDULE 13
EXISTING INDEBTEDNESS

SCHEDULE 14
FORM OF BORROWER ACCESSION MEMORANDUM

To: UniCredit Bank AG, Milan Branch

From: [Subsidiary]
and
[Indesit Company S.p.A.]

Dated:

Dear Sirs,

1. We refer to an agreement (the "**Credit Agreement**") dated [] and made, amongst others between a group of borrowers including Indesit Company S.p.A. (the "**Guarantor**"), UniCredit Bank AG, Milan Branch as agent, the financial institutions defined therein as Lenders and others.
2. Terms defined in the Credit Agreement shall bear the same meaning herein.
3. The Guarantor requests that [*Subsidiary*] become an Additional Borrower under [Facility A / Facility B] pursuant to Clause 27.3 (*Additional Borrower*) of the Credit Agreement.
4. [*Subsidiary*] is a company duly organised under the laws of [*name of relevant jurisdiction*].
5. [*Subsidiary*] confirms that it has received from the Guarantor a true and up-to-date copy of the Credit Agreement.
6. [*Subsidiary*] undertakes, upon its becoming a Borrower, to perform all the obligations expressed to be undertaken under the Credit Agreement and the Finance Documents by a Borrower and agrees that it shall be bound by the Credit Agreement and the Finance Documents in all respects as if it had been an original party thereto as an Original Borrower.
7. The Guarantor confirms that, if [*Subsidiary*] is accepted as an Additional Borrower, its guarantee obligations pursuant to Clause 20 (*Guarantee and Indemnity*) of the Credit Agreement will apply to all the obligations of [*Subsidiary*] under the Finance Documents in all respects in accordance with the terms of the Credit Agreement.
8. The Guarantor:
 - 8.1 repeats the Repeating Representations (provided the representation set out in Clause 21.6 (*Governing law and enforcement*) shall be subject to any qualifications, reservations or general principles of law referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of utilisation*) of the Facilities Agreement; and
 - 8.2 confirms that no Default is continuing or would occur as a result of [*Subsidiary*] becoming an Additional Borrower.
9. [*Subsidiary*] makes the representations and warranties set out in Clause 21 (*Representations*) in relation to the facts and matters subsisting at the date hereof (subject to any legal reservations and qualifications referred to in any legal opinion delivered as a condition precedent to the relevant accession pursuant to the terms of the Credit Agreement and save as disclosed in writing to the Agent prior to the date hereof).

10. [*Subsidiary's*] administrative details are as follows:

Address:

Fax No.:

Contact:

4. [**Process Agent** * [*Subsidiary*] agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it at [*address of Subsidiary's place of business in England*] or at any address in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985/[on *name of process agent in England* at *address of process agent* or, if different, its registered office. If [[*Subsidiary*] ceases to have a place of business in Great Britain]/[the appointment of the person mentioned above ceases to be effective], [*Subsidiary*] shall immediately appoint another person in England to accept service of process on its behalf in England. If it fails to do so (and such failure continues for a period of not less than fourteen days), the Agent shall be entitled to appoint such a person by notice. Nothing contained herein shall restrict the right to serve process in any other manner allowed by law. This applies to Proceedings in England and to Proceedings elsewhere.]

5. This Memorandum shall be governed by English law.
[Insert name of Guarantor] [Subsidiary]

By: By:

* This clause is required only if the acceding Borrower is not incorporated in England or Wales.

SCHEDULE 15
FORM OF RESIGNATION NOTICE

To: UniCredit Bank AG, Milan Branch

From: Indesit Company S.p.A.

Dated:

Dear Sirs,

1. We refer to an agreement (the "**Credit Agreement**") dated [July 2011] and made, *inter alia* , between a group of borrowers including [Insert name of Guarantor] (the "**Guarantor**"), [Insert name of Agent] as agent, the financial institutions defined therein as Banks and others.
2. Terms defined in the Credit Agreement shall bear the same meaning herein.
3. We declare that [*name of Borrower*] is under no actual or contingent obligation under any Finance Document in its capacity as a Borrower.
4. Pursuant to Clause 27.2 (*Resignation of a Borrower*) we hereby request that [name of Obligor] shall cease to be a Borrower under the Credit Agreement.

Yours faithfully

Indesit Company S.p.A.

SCHEDULE 16
AGREED UPON PROCEDURES

Example of Auditors' report

Confidential

The Lenders

To the kind attention of Mr. [name] (Legal Representative)

Dear Sirs

Euro 400,000,000 Multicurrency Revolving Facility Agreement dated [] (hereinafter defined as the "Agreement") for Indesit Company S.p.A. (hereinafter defined also as the "Company"), arranged by Banca IMI S.p.A., BNP Paribas, Succursale Italia, Citigroup Global Markets Limited, HSBC Bank plc, ING Bank N.V., Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit S.p.A. with UniCredit Bank AG, Milan Branch, acting as Agent

We refer to the above-mentioned Agreement. Under the terms of this Agreement, in case there has been a change in the Applicable Accounting Standard or reference periods (GAAP Event) which would affect the calculation of any financial covenant, the Company may propose to adjust the covenant levels or other components of financial computations or definitions in any such covenant so that the effects of such GAAP Event on any such covenant will be negated. Under the terms of Clause 22.3(b)(iii)(B) of the Agreement, the Company is required to procure that its auditors report to the Agent in connection with the Chief Financial Officer GAAP Certificate prepared in accordance with the Clause 22.3(b)(iii)(A) of the Agreement, and to supply the addressees of this letter with information in connection therewith reported upon by its auditors.

The Company has prepared the "GAAP Certificate - Calculation and related explanatory notes" (the "GAAP Certificate"), a copy of which is enclosed to this letter. The financial information included in the GAAP Certificate has been prepared on the basis of the interpretation of the relevant clauses of the Agreement, previously agreed with the Agent and as described in the GAAP Certificate.

This report is provided pursuant to, and must be read in conjunction with, our engagement letter dated [date] and is subject to the terms and limitations set out therein.

Basis of report

Our work was conducted in accordance with the standards established by the Assirevi ("Documento Assirevi n° 15") and International Standard on Related Services (ISRS) 4400 - Engagement to Perform Agreed-upon Procedures Regarding Financial Information. For the purpose of providing you with this letter, other than as set out herein, we have not carried out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information has been extracted. Accordingly, because the procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on any of the single elements, accounts or items reported in the GAAP Certificate. We have not carried out any work by way of interpretation of the basis of the calculation regarding the financial definitions in the relevant clauses of the Agreement. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which our report is being prepared or for any other purposes. Our work was based on obtaining an understanding of the compilation of the GAAP Certificate by enquiry of management, reference to the Agreement, comparison of the financial information in the GAAP Certificate to the sources from which it was obtained and recomputation of the calculations in the GAAP Certificate and more specifically:

- obtaining the GAAP Certificate as at [date];

- reading the GAAP Certificate above, accompanying calculation and related explanatory notes and financial information and the clauses of the Agreements (clauses 22.3.(b).(iii).(A) referred to as "the GAAP Event Clauses")
- defined in the GAAP Certificate as relevant to the calculation of the financial condition and trigger events;
- agreeing the financial information in the GAAP Certificate to the audited consolidated financial statements and accounting records from which it has been extracted;
- recomputing the calculations and ratios set out in the GAAP Certificate to confirm their mathematical accuracy;
- obtaining the representation letter signed by the Legal Representative of the Company.

We are auditors of the Company and have audited the consolidated financial statements of the Company as at and for the year ended [date]. Our audit of the consolidated financial statements of the Company has not been planned or conducted in contemplation of your requirements or any matters which might be set out in the Agreement. In particular, the scope of our audit work was set and judgments made by reference to our assessment of materiality in the context of the consolidated financial statements taken as a whole, rather than in the context of your needs. Accordingly, we have not expressed any opinion on any of the single elements, accounts, or items of the audited consolidated financial statements.

Report

From the above-mentioned procedures, no exceptions arose.

OR

From the above-mentioned procedures, we identified the following exceptions:

[detail the exceptions]

Our report as set out herein is confidential to the addressees of this letter and should not be made available to any other party without our written consent. It is provided solely for the purpose of your assessment of the Company's compliance with the terms of the Financial Covenants of the Agreement. We accept no liability to any other party who is shown or gains access to this letter.

Yours faithfully

[date]

[name]

Director of Audit

cc:

Mr [name] (Legal representative of the Company)

THE LENDERS

SCHEDULE 17

EFFECTIVE GLOBAL RATE

LETTER FOR DETERMINATION OF THE EFFECTIVE GLOBAL RATE (TAUX EFFECTIF GLOBAL) - FACILITY AGREEMENT

From: UniCredit Bank AG, Milan Branch (the " **Agent** ")

To: Indesit Company France S.A.S. (the " **French Borrower** ")

_____2011

Dear Sirs,

We refer to the multicurrency revolving facility agreement (the " **Facility Agreement** ") dated [] and entered into between, inter alia, Indesit Company S.p.A., the French Borrower, Indesit Company UK Ltd, General Domestic Appliances Holdings Ltd and Indesit Company Luxembourg S.A. as Borrowers, Indesit Company S.p.A. as Guarantor, Banca IMI S.p.A., BNP Paribas, Succursale Italia, Citigroup Global Markets Limited, HSBC Bank plc, ING Bank N.V., Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit S.p.A. as Arrangers and UniCredit Bank AG, Milan Branch as Agent. Terms defined in the Facility Agreement shall have the same meaning in this notice.

This is the letter referred to in Clause 11.5 (*Effective Global Rate*) of the Facility Agreement.

The floating nature of the interest rate applicable to the Loans makes it impossible to specify a *taux effectif global* applicable for the duration of the Facility Agreement.

However, in order to meet the requirements of Articles L. 313-4 of the French Code monétaire et financier and Articles R. 313-1 and R. 313-2 of the Code de la Consommation we set out below an indicative calculation of the *taux effectif global*, based on the assumptions set out in this letter.

Assumed [LIBOR/EURIBOR] and Margin:

[LIBOR/EURIBOR]: [to be completed by the Agent]

Margin: [to be completed by the Agent]

Based on the assumptions set out above (and including the Margin, all fees and expenses relating to the Loans), the interest rate (*taux de période*) for an Interest Period (*durée de période*) of [to be completed by the Agent] months would be [*to be completed by the Agent*] % per annum and the effective global rate (*taux effectif global annuel*) would be [*to be completed by the Agent*]% per annum.

The calculations set out in this letter are for illustrative purposes only and shall not bind the parties to the Facility Agreement. Nothing expressed or implied in this letter constitutes any commitment on the part of any of the Finance Parties or of any of the Obligors.

Yours sincerely,

By:

For and on behalf

of UniCredit Bank AG, Milan Branch

Receipt acknowledged

By:

For and on behalf of

Indesit Company France S.A.S.

SCHEDULE 18
FORM OF AUDITOR'S MANDATE LETTER

Example of proposal letter

Confidential

The Lenders under the terms of the Multicurrency Revolving Facility Agreement dated [date],
between:

- [] as Arrangers, and
- [] as Borrowers, and
- Indesit Company S.p.A. as Guarantor.

To the kind attention of Mr. [name] (Legal Representative)

and copy to:

Indesit Company S.p.A.

Via Aristide Merloni, 47

60044 Fabriano AN

Italy

To the kind attention of Mr. [name] (Legal Representative)

[date]

Euro 400,000,000 Multicurrency Revolving Facility Agreement dated [] hereinafter defined as the “Agreement”) for Indesit Company S.p.A. (hereinafter defined also as the “Company”), arranged by Banca IMI S.p.A., BNP Paribas, Succursale Italia, Citigroup Global Markets Limited, HSBC Bank plc, ING Bank N.V., Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit S.p.A. with UniCredit Bank AG, Milan Branch acting as Agent

Dear Sirs

Further to your kind request, we have pleasure in setting out below our terms of reference for the engagement described herein which comprise the objectives, scope and other parameters of our engagement.

Under the terms of Clause 22.3(b)(ii) of the Agreement, in case there has been a change in the Applicable Accounting Standard or reference periods (GAAP Event) which would affect the calculation of any financial covenant, the Company may, at its discretion, acting in good faith, propose to adjust the covenant levels or other components of financial computations or definitions in any such covenant so that the effects of such GAAP Event on any such covenant will be negated. Under the terms of Clause 22.3(b)(iii)(B) of the Agreement, the Company is required to procure that its auditors report to the Agent in connection with the Chief Financial Officer GAAP Certificate, prepared in accordance with the Clause 22.3(b)(iii)(A) (GAAP Certificate), of the Agreement.

At the request of the Directors of the Company, we are writing to set out our understanding of the work you wish [] (“[]”) to perform and the terms and conditions upon which we are prepared to provide such a report for your use regarding the GAAP Certificate as at and for the year ended [date]. We understand that the specified elements will be presented in accordance with the relevant clauses in the Agreement, related definitions included in such Agreement, as interpreted in the explanatory notes accompanying the GAAP Certificate. The relevant clauses of the Agreement, as reported in Clause 22.3(b)(iii)(B), are shown in Attachment 1.

A copy of this letter is being sent to the Directors of the Company to confirm their authorisation and understanding of the basis on which we will report to you.

Any work performed in connection with the engagement before the date of this letter will also be governed by the terms and conditions of this letter.

This letter is addressed to the Lenders, under the terms of the Multicurrency Revolving Facility Agreement.

By signing and accepting the terms of this letter, the Agent warrants and represents its authority to accept the same on its own behalf and as Agent for the other Lenders who have duly authorised it to act as their respective Agent.

1. **Responsibilities**

The Directors of the Company are responsible for ensuring that the Company complies with all of the terms and conditions of the Agreement including each of the Financial Covenants set out in Clause 23.2 (*Financial condition*). Under Clause 22.3(b)(iii)(A) of the Agreement, the Directors are responsible for preparing the GAAP Certificate, that includes the accompanying explanatory notes which describe the interpretations agreed between you and the Company, and other relevant information required by such Clause.

Our responsibility is to prepare a report to you on the computation of those financial covenants which pertain to accounting matters, as identified below.

We are auditors of the Company and have audited the annual consolidated financial statements of the Company as at [date] and for the year then ended and reported to its shareholders in accordance with our responsibilities to them, in accordance with article 156 of legislative decree no. 58 of 24 February 1998, on [date]. Our audit of the consolidated financial statements of the Company was not intended to address compliance with financial covenants or other matters in which the addressees of the letter may be primarily interested. In particular, the scope of our audit work was set and our judgments made by reference to our assessment of materiality in the context of the audited annual consolidated financial statements taken as a whole, rather than in the context of the report contemplated in this letter. Consequently, we have not expressed any opinion on any of the single elements, accounts, or items of the audited consolidated financial statements. We therefore will not be held liable for any damages which you or other parties may suffer due to the improper use of our audit report on the annual consolidated financial statements.

2. **Scope of work and reporting**

Our work will be conducted in accordance with the standards established by the Assirevi (“Documento Assirevi n° 15”) and the International Standards on Related Services 4400 - Engagements to perform agreed-upon procedures regarding financial information (ISRS 4400), issued by the International Federation of Accountants (IFAC). We will read the GAAP Certificate and accompanying explanatory notes prepared by the Chief Financial Officer.

Our work will be based on obtaining an understanding of the compilation of the GAAP Certificate and accompanying explanatory notes by enquiry of management, reference to the Agreement, comparison of the financial information in the GAAP Certificate to the sources from which it was obtained and recomputation of the calculations in the above mentioned GAAP Certificate.

The specific procedures that we will conduct are the following:

- obtaining the GAAP Certificate as at [date];
- reading the GAAP Certificate above, accompanying calculation and related explanatory notes and financial information and the clauses of the Agreements (clauses 22.3(b)(iii)(A) referred to as “the GAAP Event Clauses”) defined in the GAAP Certificate as relevant to the calculation of the financial condition and trigger events;
- agreeing the financial information in the GAAP Certificate to the audited consolidated financial statements and accounting records from which it has been extracted;

- recomputing the calculations and ratios set out in the GAAP Certificate to confirm their mathematical accuracy;
- obtaining the representation letter signed by the Legal Representative of the Company.

Other than as set out herein, we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purpose of providing you with our report. Accordingly, because the procedures referred to above do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we will not express any assurance on any of the single elements, accounts, or items reported in the GAAP Certificate. We will not carry out any work by way of interpretation of the basis of the calculation regarding the financial definitions in the relevant clauses of the Agreement. Our report will include a statement to that effect.

The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which our report is being prepared or for any other purpose.

We will seek representations from the Company regarding the GAAP Certificate in the form given in Attachment 2.

Our report will be provided solely for Company's use and for your use as Agent, in connection with the Agreement and should not be made available to any other party without our written consent.

The report is confidential to the Addressees and will be provided only for the purpose of your assessment of the Company's compliance with the terms of the clauses of the Agreement relevant to the GAAP Event. We therefore will not be held liable for any damages which other parties may suffer due to the improper use of our report.

3. **Timetable**

Our work will be dependent upon timely and unrestricted access to all records, documentation and other information required in connection with our Engagement as well as full co-operation from all relevant officials of the Company or other auditors. We shall use all reasonable endeavours to meet the agreed timetable.

[*] shall not be liable for any delays resulting from circumstances beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labour dispute, or other violence, or any law, order or requirement of any governmental agency or authority.

4. **[*] resources**

The engagement will be performed by [] personnel with adequate skills, supervised and coordinated by an audit manager and under the direction of a partner of our company.

5. **Our fee**

On the basis of information currently available to us and on the basis of our understanding of your requirements, we estimate that our overall fee will amount to € [amount], plus VAT.

Should exceptional circumstances occur such as to render invalid our original estimates, the situation will be discussed with you and the Company before any additional work is performed.

These fees relate only to our professional services. Out-of-pocket expenses and office expenses for the typing and printing of reports, secretarial costs, telephone, telefax, etc. will be billed as incurred; amounts are stated exclusive of value added tax.

Our invoices will be payable by [entity].

6. **Limitation of liability**

[]'s maximum liability to the Addressees arising for any reason out of or relating to the Engagement, whether a claim be in tort, contract, or otherwise, shall be limited to a maximum of twice the amount of our aforementioned fees paid for this engagement to [] under the Engagement Letter for these services, except to the extent such liability is finally determined to have been caused by the gross negligence or intentional misconduct of [] or its personnel. In the event of a claim by any third party against [] or its personnel that arises out of or relates to the Engagement, you will indemnify and hold harmless [] and its personnel from all such claims, liabilities, damages, costs and expenses arising out of or relating to such third-party claims, including reasonable attorneys' fees.

Each and any claim for damages, whether contractual or outside of contract (including those made against [], its partners, directors, personnel or agents) shall be made in written form, together with a full evidence for the basis of the claim, within 60 days from when the matter or irregularity giving rise to the claim became known.

7. **Law and Jurisdiction**

The Engagement shall be subject to and governed by Italian law and all disputes arising from or under the Engagement shall be subject to the exclusive jurisdiction of the Milan court.

8. **Miscellaneous**

[*] may be requested, pursuant to subpoena or other legal process, to produce its documents relating to the Engagement in judicial or administrative proceedings to which [] is not a party. In that event, you agree to reimburse [*] at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

We agree that we will treat as such all confidential proprietary information obtained from the Company and will not disclose such information to others or use such information except in connection with the performance of the services agreed in this letter. This undertaking shall not apply to any of the information which we are required by law to disclose or which is in or hereafter enters the public domain.

9. **Debriefing**

On completion of the engagement, as part of our commitment to the quality of our service, we would welcome the opportunity to receive your views on the work carried out by ourselves and the service delivered.

10. **Agreement**

Please confirm your agreement to and acceptance the terms of this letter and the attachments by signing and returning to us the enclosed copy. If there are any aspects that you wish to discuss, please let us know.

• • •

We thank you for the opportunity to submit this proposal. We shall be pleased to discuss this letter with you at any time.

Yours faithfully

[*]

[name]

Director of Audit

Enclosures :

Attachment 1 Relevant clauses of the Agreement (omissis)

Attachment 2 Representation letter

Accepted on behalf of [the lenders]

Signature

Name

Position.....

Date

Authorised and accepted on behalf of Indesit Company S.p.A . *by:*

Signature

Name

Position

Date

Attachment

Example of Representation letter

Example of Representation letter

[*]

[its address]

[zip code] [city]

[country]

[date]

Dear Sirs

In connection with your proposed report in accordance with the arrangements set out in your engagement letter dated [*date*], we are writing to confirm to the best of our knowledge and belief the following representations we have made to you and on which you need to rely in providing your report on the computation of the financial conditions set out in Clause 23.2 of the Agreement which pertain to accounting matters, included in the GAAP Certificate of Indesit Company S.p.A. (the “ **Company** ”) as at and for the year ended [*date*], prepared by the Company and signed by the Senior Financial Officer (the “ **GAAP Certificate** ”) under the terms of the Multicurrency Revolving Facility Agreement dated [*date*] (the “ **Agreement** ”).

1. Our understanding that you were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the subject matter described above. Accordingly, you did not express such an opinion. Had additional procedures been performed, other matters might have come to your attention that would have been reported to us. Further, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement:
2. We are responsible for preparing the GAAP Certificate accurately reflecting the matters contained therein at the relevant dates.
3. The GAAP Certificate is complete and accurate and reflects all matters of significance relating to the Agent's and the Original Lenders' (as listed in the Note Purchase Agreement) assessment of the Company compliance with the Covenants set out therein as at the relevant dates and all significant matters relevant to that assessment have been brought to your attention.
4. No events have occurred subsequent to [date] that would have required adjustment to, or disclosure in, the audited consolidated financial statements had their approval by the Board been deferred until the date of this letter.
5. We are responsible for the subject matter and for the assertions included in the explanatory notes to the GAAP Certificate.
6. We are responsible for the fair presentation of the subject matter prepared in conformity with relevant provisions in the Agreement and related financial definitions included in such agreement. We have provided you with the Agreement and all of its attachments. The relevant clauses of the Agreement are shown in Attachment 1 of your engagement letter dated [date].
7. We have made available to you all related financial records and data.
8. We have advised you of all actions taken at meetings of stockholders, board of directors, and committees of the board of directors (or other similar bodies as applicable) that may affect the subject matter.
9. We have reviewed a draft of your report of findings dated [date], and we are not aware of any significant errors or misstatements contained in that report, and the procedures referred to in the draft report are those we requested and were agreed to by the other specified parties.
10. Your procedures were limited to those which were indicated in your engagement letter and may not necessarily disclose all significant errors, irregularities, including fraud or defalcation, or illegal acts, that may exist.
11. Your report is intended solely for use by us and the Agent, and is not intended for use by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes.
12. We have responded fully to all inquiries made to us by you during your engagement.
13. We have communicated to you all known matters contradicting the subject matter or the assertion.
14. No procedures have been performed since the date of your report and you have no responsibility to update your procedures.
15. There have been no communications from regulatory agencies that would affect the subject matter or the assertion.
16. The Company has complied with all aspects of contractual agreements that would have a material effect on the subject matter or the assertion in the event of non compliance.

17. There are no material transactions that have not been properly recorded as part of the subject matter or the assertion.

Very truly yours,

Indesit Company S.p.A.

Mr. [*name*]

(Legal Representative)

SCHEDULE 19
FORM OF INCREASE CONFIRMATION

To: UniCredit Bank AG, Milan Branch as Agent and Indesit Company S.p.A. as Guarantor, for and on behalf of each Obligor

From: [the *Increase Lender*] (the "**Increase Lender** ")

Dated:

€400,000,000 Facility Agreement dated [July 2011](the " Facility Agreement")

1. We refer to the Facility Agreement. This agreement (the "**Agreement** ") shall take effect as an Increase Confirmation for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to clause 2.2 (*Increase*) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the "**Relevant Commitment** ") as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the "**Increase Date** ") is [].
5. On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents as a Lender.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders' obligations referred to in paragraph (f) of Clause 2.2 (*Increase*).
8. The Increase Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
 - (a) not a Qualifying Lender;
 - (b) a Facility A Qualifying Lender;
 - (c) a Facility B Qualifying Lender; or
 - (d) a Facility B Treaty Lender.*

and that it is not incorporated, domiciled, established or acting through a Facility Office situated in a Non-Cooperative Jurisdiction or in a Blacklisted Jurisdiction.

9. [The Increase Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number [*]), and is tax resident in [*]** so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies the Company that:
 - (a) each Borrower which is a Party as a Borrower as at the Increase Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of the Increase Date; and

- (b) each Additional Borrower which becomes an Additional Borrower after the Increase Date must make an application to HM Revenue & Customs under form DTTP2 within 30 days of becoming an Additional Borrower.]***
10. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
 11. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
 12. This Agreement has been entered into on the date stated at the beginning of this Agreement.

THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facilities Agreement by the Agent and the Increase Date is confirmed as [].

Agent

By:

NOTES:

- * Delete as applicable - each Increase Lender is required to confirm which of these four categories it falls within.
- ** Insert jurisdiction of tax residence.
- *** This confirmation must be included if the Increase Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Agreement.

SCHEDULE 20
FORM OF GUARANTOR ACCESSION LETTER

To: UniCredit Bank AG, Milan Branch as Agent

From: [*Subsidiary*] and [*Company*]

Dated:

Dear Sirs

€400,000,000 Facility Agreement dated [July 2011](the " Facility Agreement")

1. We refer to the Agreement. This is a Guarantor Accession Letter. Terms defined in the Agreement have the same meaning in this Guarantor Accession Letter unless given a different meaning in this Guarantor Accession Letter.
2. [*Subsidiary*] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement as an Additional Guarantor pursuant to Clause 27.4 (*Additional Guarantors*) of the Agreement. [*Subsidiary*] is a company duly incorporated under the laws of [*name of relevant jurisdiction*].
3. [*Subsidiary's*] administrative details are as follows:

Address:

Fax No:

Attention:

4. This Guarantor Accession Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Guarantor Accession Letter is entered into by deed.

[Company]

[Subsidiary]

SIGNATURES

THE GUARANTOR

INDESIT COMPANY S.p.A.

By: /s/ Alessandro D' Aniello

Address:

Fax:

Attention:

THE FACILITY A BORROWER

INDESIT COMPANY S.p.A.

By: /s/ Alessandro D' Aniello

Address:

Fax:

Attention:

THE FACILITY B BORROWERS

INDESIT COMPANY UK LTD

By: /s/ Alessandro D' Aniello

Address:

Fax:

Attention:

GENERAL DOMESTIC APPLIANCES HOLDINGS LTD

By: /s/ Alessandro D' Aniello

Address:

Fax:

Attention:

INDESIT COMPANY FRANCE S.A.S.

By: /s/ Alessandro D'Aniello

Address:

Fax:

Attention:

INDESIT COMPANY LUXEMBOURG S.A.

By: /s/ Alessandro D'Aniello

Address:

Fax:

Attention:

THE ARRANGER

Banca IMI S.p.A.

By: /s/ Alessandra Capozzi

Address:

Fax:

Attention:

BNP PARIBAS , SUCCURSALE ITALIA

By: /s/ Bruno Catozzo

Address:

Fax:

Attention:

CITIGROUP GLOBAL MARKETS LIMITED

By: /s/ Elisabetta Andreoni

Address:

Fax:

Attention:

HSBC BANK PLC

By: /s/ David Stent

Address:

Fax:

Attention:

ING BANK N.V.

By: /s/ Matthew Rhys-Evans

Address:

Fax:

Attention:

MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

UNICREDIT S.P.A.

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

THE AGENT

UniCredit Bank AG, Milan Branch

By: /s/ Valentina Carluccio

Address:

Fax:

THE ORIGINAL LENDERS

THE FACILITY A LENDERS

BANCA DELL'ADRIATICO S.P.A.

By: /s/ Alessandra Capozzi

Address:

Fax:

Attention:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., MILAN BRANCH

By: /s/ Kazuhiro Sudo

Address:

Fax:

Attention:

BNP PARIBAS, SUCCURSALE ITALIA

By: /s/ Bruno Catozzo

Address:

Fax:

Attention:

CENTROBANCA - BANCA DI CREDITO FINANZIARIO E MOBILIARE S.P.A.

By: /s/ Valentina Carluccio

Address:

Fax:

Attention:

CITIBANK, N.A., MILAN BRANCH

By: /s/ Elisabetta Andreoni

Address:

Fax:

Attention:

HSBC BANK PLC, MILAN BRANCH

By: /s/ David Stent

Address:

Fax:

Attention:

ING BANK N.V., MILAN BRANCH

By: /s/ Matthew Rhys-Evans

Address:

Fax:

Attention:

MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

UNICREDIT S.P.A.

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

THE FACILITY B LENDERS

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., MILAN BRANCH

By: /s/ Kazuhiro Sudo

Address:

Fax:

Attention:

BNP PARIBAS, SUCCURSALE ITALIA

By: /s/ Bruno Catozzo

Address:

Fax:

Attention:

CITIBANK INTERNATIONAL PLC

By: /s/ Elisabetta Andreoni

Address:

Fax:

Attention:

HSBC BANK PLC

By: /s/ David Stent

Address:

Fax:

Attention:

ING BANK N.V., MILAN BRANCH

By: /s/ Matthew Rhys-Evans

Address:

Fax:

Attention:

INTESA SANPAOLO S.P.A., LONDON BRANCH

By: /s/ /Alessandra Capozzi

Address:

Fax:

Attention:

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

UNICREDIT S.P.A., LONDON BRANCH

By: /s/ Annarita Capodacqua / Luciano Cenedese

Address:

Fax:

Attention:

To: Unicredit Bank AG Milan Branch (the "Agent")
From: Indesit Company S.p.A. (on behalf of each of the Borrowers and the Guarantor)

26 November, 2012

Dear Sirs,

EURO 400,000,000 facility agreement dated 29 July 2011 ("Facility Agreement") between, *inter alia*, Unicredit Bank AG Milan Branch as agent and Indesit Company S.p.A. as borrower and guarantor.

Terms defined in the Revolving Loan Facility Agreement shall have the same meaning in this letter

Further to our recent correspondence, we hereby confirm our agreement with respect to the following amendments to be made to the Facility Agreement for the purposes of correcting a manifest error:

Schedule 13 (*Existing Indebtedness*) of the Facility Agreement shall be deleted and replaced in its entirety with Schedule 1 to this Letter.

All other clauses and conditions of the Facility Agreement remain unchanged.

This letter is a Finance Document for the purposes of the Facility Agreement and shall be governed by and construed in accordance with English law.

Delivery of an executed signature page to this letter by facsimile will be as effective as delivery of a manual executed signature page.

Please confirm your agreement to the foregoing by signing and then returning an original (or facsimile) of this letter to us.

Yours faithfully

/s/ Alessandro D'Aniello

For and on behalf of

Indesit Company S.p.A. (on behalf of each of the Borrowers and the Guarantor)

By: Alessandro D'Aniello

For Acceptance

UniCredit Bank AF, Milan Branch
/s/ Stefano Petrelli, Marcello Baschier

Indesit Company S.p.A
Viale Aristide Merloni, 47 | 60044 Fabriano (AN) -
Italia Telephone (+39) 0732 6611 |
indesitcompany.com

EXHIBIT 12 - RATIO OF EARNINGS TO FIXED CHARGES
WHIRLPOOL CORPORATION AND SUBSIDIARIES

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Earnings					
Earnings (loss) before income taxes	\$ 881	\$ 917	\$ 558	\$ (28)	\$ 586
Fixed charges	222	231	256	270	281
	<u>\$ 1,103</u>	<u>\$ 1,148</u>	<u>\$ 814</u>	<u>\$ 242</u>	<u>\$ 867</u>
Fixed charges					
Portion of rents representative of the interest factor	\$ 57	\$ 54	\$ 57	\$ 57	\$ 56
Interest on indebtedness	159	172	193	204	211
Amortization of debt financing fees	6	5	6	9	14
	<u>\$ 222</u>	<u>\$ 231</u>	<u>\$ 256</u>	<u>\$ 270</u>	<u>\$ 281</u>
Ratio of earnings to fixed charges	<u>5.0</u>	<u>5.0</u>	<u>3.2</u>	<u>0.9</u>	<u>3.1</u>

WHIRLPOOL CORPORATION
List of Subsidiaries

Subsidiary and Name Under Which It Does Business	Jurisdiction in Which Organized
1900 Holdings Corporation	Delaware
Aer Adriatica S.p.A.	Italy
Airdrum Limited	UK
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
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.A. 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 Eurosales 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
Fabrica Portugal S.a.	Portugal
General Domestic Appliances Hldgs Ltd	UK
General Domestic Appliances INT	UK
Guangdong Whirlpool Electrical Appliances Co., Ltd.	China
Haceb Whirlpool Industrias S.A.S.	Colombia
Hisense - Whirlpool (Zhejiang) Electric Appliances Co., Ltd.	China
Hoover Comercial Limitada	Brazil
Indesit Argentina S.A.	Argentina
Indesit Co. Domestic Appliances Hellas Mepe	Greece
Indesit Company B.E.S. Ve A.S.	Turkey
Indesit Company Belgium S.A.	Belgium
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey
Indesit Company Bulgaria S.r.l.u.	Bulgaria
Indesit Company Česká S.r.o.	Czech Republic
Indesit Company Deutschland GmbH	Germany
Indesit Company France S.A.	France
Indesit Company International B.V.	Netherlands (The)

Subsidiary and Name Under Which It Does Business	Jurisdiction in Which Organized
Indesit Company International Business S.A.	Switzerland
Indesit Company Ireland Ltd	Ireland
Indesit Company Luxembourg S.A.	Luxembourg
Indesit Company Magyarorszàg Kft	Hungary
Indesit Company Nordics AB	Sweden
Indesit Company Österreich Ges. mbh	Austria
Indesit Company Polska Sp. zo.o.	Poland
Indesit Company Portugal Electrodomésticos S.A.	Portugal
Indesit Company S.p.A.	Italy
Indesit Company Singapore Pte. Ltd.	Singapore
Indesit Company UK Holdings Ltd.	UK
Indesit Company UK Ltd.	UK
Indesit Electrodomésticos S.A.	Spain
Indesit International ZAO	Russia
Indesit IP S.r.l.	Italy
Indesit Middle East FZE	United Arab Emirates
Indesit Rus Llc	Russia
Indesit Ukraine LLC	Ukraine
IRE Beteiligungs GmbH	Germany
Industrias Acros Whirlpool, S.A. de C.V.	Mexico
Jackson Appliances Ltd	UK
KitchenAid Australia, Pty Ltd	Australia
KitchenAid Delaware, Inc.	Delaware
KitchenAid Europa, Inc.	Delaware
KitchenAid Global, Inc.	Delaware
KitchenAid Promotions, LLC	Michigan
KitchenAid, Inc.	Ohio
LAWSA S.A.	Argentina
MLOG Armazém Geral Ltda.	Brazil
Maytag Comercial, S. de R.L. de C.V.	Mexico
Maytag Limited	Ontario
Maytag Properties, LLC	Michigan
Maytag Sales, Inc.	Delaware
Maytag Worldwide N.V.	Netherlands Antilles
Merloni Domestic Appliances Ltd	UK
Nineteen Hundred Corporation	New York
Prestadora de Servicios Administrativos Regiomontana, S. de R. L. de C.V.	Mexico
Qingdao EECON Electronic Controls and Appliances Co., Ltd.	China
South American Sales Partnership	Florida
THC Assets Corporation	Delaware
WCGP Nova Scotia Co.	Nova Scotia
WFC de Mexico, S. de R.L. de C.V.	Mexico
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 (Hong Kong) Limited	Hong Kong
Whirlpool (Malaysia) Sdn Bhd	Malaysia
Whirlpool (Thailand) Limited	Thailand

Subsidiary and Name Under Which It Does Business	Jurisdiction in Which Organized
Whirlpool (UK) Limited	England
Whirlpool America Holdings Corp.	Delaware
Whirlpool Argentina S.A.	Argentina
Whirlpool ASEAN Co.	Delaware
Whirlpool Asia B.V.	Netherlands (The)
Whirlpool Asia Holdings S.à r.l.	Luxembourg
Whirlpool Asia Inc.	Delaware
Whirlpool Austria GmbH	Austria
Whirlpool Asia Private Limited	India
Whirlpool Baltic UAB	Lithuania
Whirlpool Benelux N.V./S.A.	Belgium
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 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 Eletrodomésticos AM S.A.	Brazil
Whirlpool Enterprises, LLC	Delaware
Whirlpool Europe B.V.	Netherlands (The)
Whirlpool Europe Coordination Center	Belgium
Whirlpool Europe Holdings Limited	Delaware
Whirlpool Europe S.r.l.	Italy
Whirlpool Finance B.V.	Netherlands (The)
Whirlpool Finance Overseas Ltd.	Bermuda
Whirlpool Financial Corporation	Delaware
Whirlpool Financial Corporation International	Delaware
Whirlpool Floor Care Corp.	Delaware
Whirlpool France SAS	France
Whirlpool Germany GmbH	Germany
Whirlpool Greater China Inc.	Delaware
Whirlpool Guatemala, S.A.	Guatemala
Whirlpool Hellas SA	Greece
Whirlpool Holdings Corporation	Delaware
Whirlpool Home Appliance (Shanghai) Co., Ltd.	China
Whirlpool Home Appliances Limited Liability Company	Turkey
Whirlpool Hungarian Trading Limited Liability Company	Hungary
Whirlpool India Holdings Limited	Delaware

Subsidiary and Name Under Which It Does Business	Jurisdiction in Which Organized
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 International S.r.l.	Italy
Whirlpool Japan Inc.	Delaware
Whirlpool Latin America Corporation	Delaware
Whirlpool Latvia S.I.A.	Latvia
Whirlpool Ltd Belgrade	Serbia
Whirlpool Luxembourg Holdings Merger S.à r.l.	Luxembourg
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 Sagl	Switzerland
Whirlpool Maroc S. à r.l.	Morocco
Whirlpool Mauritius Limited	Mauritius
Whirlpool MEEA DMCC	United Arab Emirates
Whirlpool Mexico, S.A. 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 OY	Finland
Whirlpool Nordic AS	Norway
Whirlpool Oceania Inc.	Delaware
Whirlpool Overseas Holdings, LLC	Delaware
Whirlpool Overseas Hong Kong Limited	Hong Kong
Whirlpool Overseas Manufacturing S.à r.l.	Luxembourg
Whirlpool Peru S.R.L.	Peru
Whirlpool Polska Sp. z o.o.	Poland
Whirlpool Portugal Electrodomesticos, Lda.	Portugal
Whirlpool Product Development (Shenzhen) Company Limited	China
Whirlpool Properties, Inc.	Michigan
Whirlpool Puntana S.A.	Argentina
Whirlpool R&D s.r.l.	Italy
Whirlpool Realty Corporation	Delaware
Whirlpool Romania s.r.l.	Romania
Whirlpool S.A.	Brazil
Whirlpool SSC Limited	Ireland
Whirlpool Slovakia spol. s.r.o.	Slovak Republic

Subsidiary and Name Under Which It Does Business	Jurisdiction in Which Organized
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 Pension Scheme Trustee Limited	England
Whirlpool Ukraine LLC	Ukraine
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	China
Xpelair Ltd	UK

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Registration Statements of Whirlpool Corporation

33-34037	333-90602	333-150942
33-40249	333-125260	333-157392
333-02827	333-128686	333-166484
333-66211	333-131627	333-181339
333-77167	333-143372	333-187948
333-42322		

Registration Statements of Maytag Corporation

333-62980

Registration Statements of Whirlpool Corporation
pertaining to the Whirlpool Savings Plan

33-26680 33-53196

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

333-66163 333-138711 333-179695

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

333-132875

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

333-102002 333-101995 333-121368

of our reports dated February 26, 2015 , 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, 2014 .

/S/ ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

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 JEFF M. FETTIG and KIRSTEN J. HEWITT, 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, 2014, including specifically, but without limitation of the general authority hereby granted, the power and authority to sign his or her name as a director or officer, or both, of the Corporation, as indicated below opposite his or her signature, 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 17th day of February, 2015 .

<u>Signature</u>	<u>Title</u>
<p>/S/ JEFF M. FETTIG</p> <hr/> <p>Jeff M. Fettig</p>	<p>Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)</p>
<p>/S/ MICHAEL A. TODMAN</p> <hr/> <p>Michael A. Todman</p>	<p>Director and Vice Chairman</p>
<p>/S/ LARRY M. VENTURELLI</p> <hr/> <p>Larry M. Venturelli</p>	<p>Executive Vice President and Chief Financial Officer (Principal Financial Officer)</p>
<p>/S/ CHRISTOPHER J. KUEHN</p> <hr/> <p>Christopher J. Kuehn</p>	<p>Vice President and Corporate Controller (Principal Accounting Officer)</p>
<p>/S/ SAMUEL R. ALLEN</p> <hr/> <p>Samuel R. Allen</p>	<p>Director</p>
<p>/S/ GARY T. DICAMILLO</p> <hr/> <p>Gary T. DiCamillo</p>	<p>Director</p>
<p>/S/ DIANE M. DIETZ</p> <hr/> <p>Diane M. Dietz</p>	<p>Director</p>
<p>/S/ GERALDINE T. ELLIOT</p> <hr/> <p>Geraldine T. Elliott</p>	<p>Director</p>
<p>/S/ MICHAEL F. JOHNSTON</p> <hr/> <p>Michael F. Johnston</p>	<p>Director</p>
<p>/S/ WILLIAM T. KERR</p> <hr/> <p>William T. Kerr</p>	<p>Director</p>
<p>/S/ JOHN D. LIU</p> <hr/>	<p>Director</p>

John D. Liu

/S/ HARISH MANWANI

Harish Manwani

Director

/S/ WILLIAM D. PEREZ

William D. Perez

Director

/S/ MICHAEL D. WHITE

Michael D. White

Director

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

I, Jeff M. Fettig, certify that:

1. I have reviewed this annual 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 Rules 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 26, 2015

/s/ JEFF M. FETTIG

Name: Jeff M. Fettig
Title: Chairman of the Board and
Chief Executive Officer

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

I, Larry M. Venturelli, certify that:

1. I have reviewed this annual 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 Rules 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 26, 2015

/s/ LARRY M. VENTURELLI

Name: Larry M. Venturelli
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, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jeff M. Fettig, as Chief Executive Officer of Whirlpool, and Larry M. Venturelli, 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/ JEFF M. FETTIG

Name: Jeff M. Fettig
Title: Chairman of the Board and
Chief Executive Officer
Date: February 26, 2015

/s/ LARRY M. VENTURELLI

Name: Larry M. Venturelli
Title: Executive Vice President and
Chief Financial Officer
Date: February 26, 2015