
2016 ANNUAL REPORT

GAAP RECONCILIATIONS



RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES:

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures, some of which we refer to as "ongoing business" measures, including ongoing business operating profit (loss), ongoing business operating margin, ongoing business earnings, ongoing business earnings per diluted share, ongoing business segment operating profit (loss), ongoing business segment operating margin, sales excluding currency, sales excluding currency and BEFIEX and free cash flow. Ongoing business measures exclude items that may not be indicative of, or are unrelated to, results from our ongoing business operations and provide a better baseline for analyzing trends in our underlying businesses. Sales excluding foreign currency is calculated by translating the current period net sales, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales. Sales excluding foreign currency and BEFIEX is calculated by translating the current period net sales excluding BEFIEX, 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. Management believes that sales excluding foreign currency provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations. Management believes that free cash flow provides investors and stockholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations. We believe that these non-GAAP measures provide meaningful information to assist investors and stockholders in understanding our financial results and assessing our prospects for future performance, and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP financial measures, provide a more complete understanding of our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These ongoing business financial measures should not be considered in isolation or as a substitute for reported operating profit (loss), net earnings available to Whirlpool per diluted share, net earnings, net earnings available to Whirlpool, net sales, reported operating profit (loss) by segment, and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. GAAP net earnings available to Whirlpool per diluted share and ongoing business earnings per diluted share are presented net of tax, while individual adjustments in each reconciliation are presented on a pre-tax basis; the income tax impact line item aggregates the tax impact for these adjustments. The tax impact of individual line item adjustments may not foot precisely to the aggregate income tax impact amount, as each line item adjustment may include non-taxable components. Prior-period comparisons have been recast to reflect the tax impact of adjustments as a single adjustment. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

ONGOING BUSINESS OPERATING PROFIT AND ONGOING BUSINESS EARNINGS PER DILUTED SHARE:



The reconciliation provided below reconciles the non-GAAP financial measures ongoing business operating profit and ongoing business earnings per diluted share, with the most directly comparable GAAP financial measures, operating profit and net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2016, December 31, 2015 and December 31, 2014. Ongoing business operating margin is calculated by dividing ongoing business operating profit by ongoing business net sales. Ongoing business net sales excludes Brazilian (BEFIE) tax credits from reported net sales. The earnings per diluted share GAAP measure and ongoing business measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our 2016, 2015 and 2014 full-year tax rates of 16.6%, 20.3% and approximately 22%, respectively.

	Twelve Months Ended December 31,					
	Operating Profit			Earnings per Diluted Share		
	2016	2015	2014	2016	2015	2014
Reported GAAP Measure	\$ 1,354	\$ 1,285	\$ 1,188	\$ 11.50	\$ 9.83	\$ 8.17
Brazilian (BEFIE) Tax Credits	-	-	(14)	-	-	(0.18)
Restructuring Expense ^(a)	173	201	136	2.24	2.52	1.71
Investment Expenses	-	-	52	-	-	1.09
Acquisition Related Transition Costs	82	57	98.00	1.11	0.80	1.23
Inventory Purchase Price Allocation	-	-	13.00	-	-	0.16
Antitrust and Dispute Resolutions	-	21	2.00	-	0.44	0.05
Gain/Expenses Related to a Business Investment	-	-	-	-	(0.58)	-
Pension Settlement Charges ^(b)	-	15	-	-	0.19	-
Benefit Plan Curtailment Gain	-	(62)	-	-	(0.78)	-
Legacy Product Warranty and Liability Expense ^(c)	3	42	-	(0.30)	0.53	-
Income Tax Impact	-	-	-	(0.49)	(0.57)	(0.78)
Normalized Tax Rate Adjustment ^(d)	-	-	-	-	-	(0.06)
Ongoing Business Measure	<u>\$ 1,612</u>	<u>\$ 1,559</u>	<u>\$ 1,475</u>	<u>\$ 14.06</u>	<u>\$ 12.38</u>	<u>\$ 11.39</u>

FREE CASH FLOW:

As defined by the company, free cash flow is cash provided by (used in) operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles twelve months ended December 31, 2016, 2015 and 2014 free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure.

<i>(millions of dollars)</i>	Twelve Months Ended December 31,		
	2016	2015	2014
Cash Provided by (Used In) Operating Activities	\$ 1,203	\$ 1,225	\$ 1,479
Capital Expenditures and Proceeds from Sale of Assets/Businesses and changes in restricted cash*	(573)	(605)	(625)
Free Cash Flow	\$ 630	\$ 620	\$ 854

*The change in restricted cash relates to the private placement funds paid by Whirlpool to acquire majority control of Whirlpool China and which are used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital.

FOOTNOTES:

- a) **RESTRUCTURING EXPENSE** - During the fourth quarter of 2014, we completed the acquisition of Indesit S.p.A., which, due to its size, materially changed our European footprint. These costs are primarily related to Indesit restructuring and creating a more streamlined and efficient European operation, and also relate to certain other unique restructuring events.
- b) **PENSION SETTLEMENT CHARGES** - During the full-year 2015, we recognized expenses of \$3 million and \$12 million related to Canadian and EMEA pension settlements, respectively.
- c) **LEGACY PRODUCT WARRANTY AND LIABILITY EXPENSE** - During the full year 2015, we recognized expenses of \$39 million related to legacy product warranty and liability actions on heritage Indesit product in Europe and a \$3 million charge associated with a separate product recall in North America. During the full-year 2016, we sought indemnity under the terms of the Indesit acquisition agreements and recognized amounts recovered from the seller in interest and sundry (income) expense.
- d) **NORMALIZED TAX RATE ADJUSTMENT** - During the full year of 2014, we made an adjustment to ongoing business operations EPS to reconcile specific items reported to a full-year effective tax rate of approximately 22%.