Regional Management Corp.
Form 10-Q
August 06, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period ended

Commission File Number: 001-35477

Regional Management Corp.

(Exact name of registrant as specified in its charter)

Delaware	**57-0847115**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
979 Batesville Road, Suite B	
Greer, South Carolina	**29651**
(Address of principal executive offices)	**(Zip Code)**

(864) 448-7000

(Registrant s telephone number, including area code)

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

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

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

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

As of August 3, 2018, the registrant had outstanding 11,790,357 shares of Common Stock, $0.10 par value.

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PART I. FINANCIAL INFORMATION

ITEM 1. *FINANCIAL STATEMENTS*

Regional Management Corp. and Subsidiaries

Consolidated Balance Sheets

(in thousands, except par value amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Cash	$ 2,799	$ 5,230
Gross finance receivables	1,121,711	1,066,650
Unearned finance charges and insurance premiums	(274,473)	(249,187)
Finance receivables	847,238	817,463
Allowance for credit losses	(48,450)	(48,910)
Net finance receivables	798,788	768,553
Restricted cash	26,356	16,787
Property and equipment	12,072	12,294
Intangible assets	10,785	10,607
Other assets	17,420	16,012
Total assets	$ 868,220	$ 829,483
Liabilities and Stockholders Equity		
Liabilities:		
Long-term debt	$ 595,765	$ 571,496
Unamortized debt issuance costs	(7,437)	(4,950)
Net long-term debt	588,328	566,546
Accounts payable and accrued expenses	17,526	18,565
Deferred tax liability	3,832	4,961
Total liabilities	609,686	590,072
Commitments and Contingencies (Note 10)		
Stockholders equity:		
Preferred stock ($0.10 par value, 100,000 shares authorized, no shares issued or outstanding)		
Common stock ($0.10 par value, 1,000,000 shares authorized, 13,334 shares issued and 11,788 shares outstanding at June 30, 2018 and 13,205 shares issued and 11,659 shares outstanding at December 31, 2017)	1,333	1,321

Additional paid-in-capital	96,369	94,384
Retained earnings	185,878	168,752
Treasury stock (1,546 shares at June 30, 2018 and December 31, 2017)	(25,046)	(25,046)
Total stockholders equity	258,534	239,411
Total liabilities and stockholders equity	$ 868,220	$ 829,483

The following table presents the assets and liabilities of our consolidated variable interest entities:

Assets		
Cash	$ 120	$ 70
Finance receivables	232,354	137,239
Allowance for credit losses	(9,929)	(7,129)
Restricted cash	19,700	10,734
Other assets	110	119
Total assets	$ 242,355	$ 141,033
Liabilities		
Net long-term debt	$ 206,962	$ 116,658
Accounts payable and accrued expenses	44	53
Total liabilities	$ 207,006	$ 116,711

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries

Consolidated Statements of Income

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue				
Interest and fee income	$ 66,829	$ 59,787	$ 132,980	$ 119,042
Insurance income, net	2,882	3,085	6,271	6,890
Other income	2,705	2,466	5,790	5,226
Total revenue	72,416	65,338	145,041	131,158
Expenses				
Provision for credit losses	20,203	18,589	39,718	37,723
Personnel	19,390	18,387	40,618	36,555
Occupancy	5,478	5,419	11,096	10,704
Marketing	2,258	1,779	3,711	2,984
Other	6,089	6,057	12,382	12,853
Total general and administrative expenses	33,215	31,642	67,807	63,096
Interest expense	7,915	5,221	15,092	10,434
Income before income taxes	11,083	9,886	22,424	19,905
Income taxes	2,601	3,751	5,298	6,136
Net income	$ 8,482	$ 6,135	$ 17,126	$ 13,769
Net income per common share:				
Basic	$ 0.73	$ 0.53	$ 1.47	$ 1.19
Diluted	$ 0.70	$ 0.52	$ 1.42	$ 1.17
Weighted average shares outstanding:				
Basic	11,658	11,554	11,638	11,524
Diluted	12,138	11,730	12,084	11,723

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries

Consolidated Statements of Stockholders Equity

(in thousands)

	Common Stock					
	Shares	Amount	Additional Paid-in-Capital	Retained Earnings	Treasury Stock	Total
Balance, December 31, 2016	12,996	$ 1,300	$ 92,432	$ 138,789	$ (25,046)	$ 207,475
Issuance of restricted stock awards	74	7	(7)			
Exercise of stock options	289	29	305			334
Shares withheld related to net share settlement	(154)	(15)	(2,006)			(2,021)
Share-based compensation			3,660			3,660
Net income				29,963		29,963
Balance, December 31, 2017	13,205	$ 1,321	$ 94,384	$ 168,752	$ (25,046)	$ 239,411
Issuance of restricted stock awards	97	10	(10)			
Exercise of stock options	89	8				8
Shares withheld related to net share settlement	(57)	(6)	(509)			(515)
Share-based compensation			2,504			2,504
Net income				17,126		17,126
Balance, June 30, 2018 (unaudited)	13,334	$ 1,333	$ 96,369	$ 185,878	$ (25,046)	$ 258,534

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 17,126	$ 13,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	39,718	37,723
Depreciation and amortization	4,071	3,231
Loss on disposal of property and equipment	50	92
Share-based compensation	3,369	2,090
Fair value adjustment on interest rate caps	(139)	49
Deferred income taxes, net	(1,129)	(1,743)
Changes in operating assets and liabilities:		
Increase in other assets	(1,271)	(1,814)
Decrease in accounts payable and accrued expenses	(1,705)	(1,770)
Net cash provided by operating activities	60,090	51,627
Cash flows from investing activities:		
Net originations of finance receivables	(69,954)	(45,965)
Purchases of intangible assets	(1,183)	(3,064)
Purchases of property and equipment	(1,667)	(2,228)
Proceeds from disposal of property and equipment		558
Net cash used in investing activities	(72,804)	(50,699)
Cash flows from financing activities:		
Net payments on senior revolving credit facility	(68,889)	(6,256)
Payments on amortizing loan	(20,487)	(12,406)
Net advances (payments) on revolving warehouse credit facility	(36,374)	24,032
Advances on securitization	150,000	
Payments for debt issuance costs	(3,711)	(3,086)
Taxes paid related to net share settlement of equity awards	(687)	(1,647)
Net cash provided by financing activities	19,852	637
Net change in cash and restricted cash	7,138	1,565
Cash and restricted cash at beginning of period	22,017	12,743

Cash and restricted cash at end of period	$ 29,155	$ 14,308
Supplemental cash flow information		
Interest paid	$ 14,249	$ 8,662
Income taxes paid	$ 5,543	$ 10,105

The following table reconciles cash and restricted cash from the Consolidated Balance Sheets to the statements above:

	June 30, 2018	December 31, 2017	June 30, 2017	December 31, 2016
Cash	$ 2,799	$ 5,230	$ 3,678	$ 4,446
Restricted cash	26,356	16,787	10,630	8,297
Total cash and restricted cash	$ 29,155	$ 22,017	$ 14,308	$ 12,743

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business

Regional Management Corp. (the Company) was incorporated and began operations in 1987. The Company is engaged in the consumer finance business, offering small loans, large loans, retail loans, and related payment and collateral protection insurance products. The Company previously offered automobile loans but ceased such originations in November 2017. As of June 30, 2018, the Company operated branches in 340 locations in the states of Alabama (46 branches), Georgia (8 branches), New Mexico (18 branches), North Carolina (36 branches), Oklahoma (28 branches), South Carolina (67 branches), Tennessee (22 branches), Texas (98 branches), and Virginia (17 branches) under the name Regional Finance. The Company consolidated two net branches during the six months ended June 30, 2018.

The Company s loan volume and contractual delinquency follow seasonal trends. Demand for the Company s small and large loans is typically highest during the second, third, and fourth quarters, which the Company believes is largely due to customers borrowing money for vacation, back-to-school, and holiday spending. With the exception of retail loans, loan demand has generally been the lowest during the first quarter, which the Company believes is largely due to the timing of income tax refunds. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, the Company experiences seasonal fluctuations in its operating results and cash needs.

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of presentation: The consolidated financial statements of the Company have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q adopted by the Securities and Exchange Commission (the SEC) and generally accepted accounting principles in the United States of America (GAAP) for interim financial information and, accordingly, do not include all information and note disclosures required by GAAP for complete financial statements. The interim financial statements in this Quarterly Report on Form 10-Q have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (United States), but in the opinion of management, the interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company s financial position, results of operations, and cash flows in accordance with GAAP. These consolidated financial statements should be read in conjunction with the Company s Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC.

Significant accounting policies: The following is a description of significant accounting policies used in preparing the financial statements. The accounting and reporting policies of the Company are in accordance with GAAP and conform to general practices within the consumer finance industry.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company operates through a separate wholly-owned subsidiary in each state. The Company also consolidates variable interest entities (each, a VIE) when it is considered to be the primary beneficiary of the VIE because it has (i) power over the significant activities of the VIE and (ii) the obligation to absorb losses or the right to receive returns that could be significant to the VIE.

Variable interest entities: The Company transfers pools of loans to wholly-owned, bankruptcy-remote, special purpose entities (each, an SPE) to secure debt for general funding purposes. These entities have the limited purpose of acquiring finance receivables and holding and making payments on the related debts. Assets transferred to each SPE are legally isolated from the Company and its affiliates, as well as the claims of the Company s and its affiliates creditors. Further, the assets of each SPE are owned by such SPE and are not available to satisfy the debts or other obligations of the Company or any of its affiliates. The Company continues to service the finance receivables transferred to the SPEs. The lenders and investors in the debt issued by the SPEs generally only have recourse to the assets of the SPEs and do not have recourse to the general credit of the Company.

The SPEs debt arrangements are structured to provide enhancements to the lenders and investors, including in the form of overcollateralization (the principal balance of the collateral exceeds the balance of the debt) and reserve funds (restricted cash held by the SPEs). These enhancements, along with the isolated finance receivables pools, increase the creditworthiness of the SPEs above that of the Company as a whole. This increases the marketability of the Company s collateral for borrowing purposes, leading to more favorable borrowing terms, improved interest rate risk management, and additional flexibility to grow the business.

The SPEs are considered VIEs under GAAP and are consolidated into the financial statements of their primary beneficiary. The Company is considered to be the primary beneficiary of the SPEs because it has (i) power over the significant activities through its role as servicer of the finance receivables under each debt arrangement and (ii) the obligation to absorb losses or the right to receive returns that could be significant through the Company s interest in the monthly residual cash flows of the SPEs after each debt is paid.

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Consolidation of VIEs results in these transactions being accounted for as secured borrowings; therefore, the pooled receivables and the related debts remain on the consolidated balance sheet of the Company. Each debt is secured solely by the assets of the VIEs and not by any other assets of the Company. The assets of the VIEs are the only source of funds for repayment on each debt, and restricted cash held by the VIEs can only be used to support payments on the debt. The Company recognizes revenue and provision for credit losses on the finance receivables of the VIEs and interest expense on the related secured debt.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities for the periods indicated in the financial statements. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to change relate to the determination of the allowance for credit losses, the fair value of share-based compensation, the valuation of deferred tax assets and liabilities, contingent liabilities on litigation matters, and the allocation of the purchase price to assets acquired in business combinations.

Reclassifications: Certain prior-period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income or stockholders equity.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued an accounting update on the recognition of revenue from contracts with customers. The update 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 the entity expects to receive in exchange for those goods or services. In addition, the update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The update applies to all contracts with customers, except leases, insurance contracts, financial instruments, guarantees, and certain nonmonetary exchanges. In August 2015, the FASB issued an additional update on revenue recognition, which deferred the effective date of the update to annual and interim reporting periods beginning after December 15, 2017. The Company adopted the new standard effective in 2018. As substantially all of the Company s revenues are generated from activities that are outside the scope of the new standard, the adoption does not have a material impact on the Company s consolidated financial statements or disclosure requirements.

In February 2016, the FASB issued an accounting update to increase transparency and comparability of accounting for lease transactions. The update requires all leases to be recognized on the balance sheet as lease assets and lease liabilities and requires both quantitative and qualitative disclosures regarding key information about leasing arrangements. All of the Company s leases are currently classified as operating leases, with no lease assets or lease liabilities recorded. The update is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. The implementation of the accounting update will create lease assets and lease liabilities and have an impact on the Company s debt covenants. The Company is working with its lenders to address any issues before implementation and continues to evaluate and quantify the potential impacts of this update on its consolidated financial statements.

In June 2016, the FASB issued an accounting update to change the impairment model for estimating credit losses on financial assets. The current incurred loss impairment model requires the recognition of credit losses when it is probable that a loss has been incurred. The incurred loss model will be replaced by an expected loss model, which requires entities to estimate the lifetime expected credit loss on such instruments and to record an allowance to offset the amortized cost basis of the financial asset. This update is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company believes the implementation of the accounting update will have a material adverse effect on the Company s consolidated financial statements and is in the process of quantifying the potential impacts.

In August 2016, the FASB issued an accounting update to provide specific guidance on certain cash flow classification issues to reduce diversity in practice. These issues include debt prepayment or extinguishment costs, contingent consideration payments after business combinations, beneficial interest in securitization transactions, and proceeds from insurance claims. This update is effective for annual and interim periods beginning after December 15, 2017, and early adoption was permitted. The Company adopted the new standard effective in 2018, and implementation of the accounting update had no impact on the Company s consolidated financial statements.

In November 2016, the FASB issued an accounting update to address diversity in the classification of restricted cash transfers on the statement of cash flows. The amendment requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents. This update is effective for annual and interim periods beginning after December 15, 2017, and early adoption was permitted. The Company adopted the new standard effective in 2018. As a result, the Company no longer reports the changes in restricted cash as an investing activity. Instead, restricted cash is included in the beginning and ending cash balances on the consolidated statements of cash flows.

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Note 3. Finance Receivables, Credit Quality Information, and Allowance for Credit Losses

Finance receivables for the periods indicated consisted of the following:

In thousands	June 30, 2018	December 31, 2017
Small loans	$ 384,690	$ 375,772
Large loans	392,101	347,218
Automobile loans	39,414	61,423
Retail loans	31,033	33,050
Finance receivables	$ 847,238	$ 817,463

The contractual delinquency of the finance receivable portfolio by product and aging for the periods indicated are as follows:

	June 30, 2018									
	Small		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%
Current	$ 316,058	82.1%	$ 335,842	85.7%	$ 28,040	71.1%	$ 24,830	80.0%	$ 704,770	83.1%
1 to 29 days past due	40,285	10.5%	36,659	9.3%	8,465	21.5%	4,101	13.2%	89,510	10.6%
Delinquent accounts										
30 to 59 days	9,601	2.5%	7,441	1.9%	1,131	2.9%	713	2.4%	18,886	2.3%
60 to 89 days	6,389	1.7%	4,667	1.2%	567	1.4%	480	1.5%	12,103	1.4%
90 to 119 days	4,591	1.2%	2,922	0.8%	534	1.4%	326	1.0%	8,373	1.0%
120 to 149 days	3,770	1.0%	2,431	0.6%	374	0.9%	282	0.9%	6,857	0.8%
150 to 179 days	3,996	1.0%	2,139	0.5%	303	0.8%	301	1.0%	6,739	0.8%
Total delinquency	$ 28,347	7.4%	$ 19,600	5.0%	$ 2,909	7.4%	$ 2,102	6.8%	$ 52,958	6.3%
Total finance receivables	$ 384,690	100.0%	$ 392,101	100.0%	$ 39,414	100.0%	$ 31,033	100.0%	$ 847,238	100.0%
Finance receivables	$ 14,835	3.9%	$ 9,612	2.5%	$ 1,841	4.7%	$ 1,002	3.2%	$ 27,290	3.2%

in nonaccrual status										

	December 31, 2017									
	Small		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%
Current	$ 301,114	80.1%	$ 299,467	86.3%	$ 43,140	70.2%	$ 25,730	77.8%	$ 669,451	81.9%
1 to 29 days past due	39,412	10.5%	29,211	8.4%	13,387	21.8%	4,523	13.7%	86,533	10.6%
Delinquent accounts										
30 to 59 days	9,738	2.6%	5,949	1.6%	2,162	3.6%	879	2.7%	18,728	2.2%
60 to 89 days	8,755	2.3%	4,757	1.4%	1,046	1.7%	739	2.2%	15,297	1.9%
90 to 119 days	6,881	1.9%	3,286	1.0%	701	1.1%	471	1.5%	11,339	1.4%
120 to 149 days	5,284	1.4%	2,537	0.7%	636	1.0%	408	1.2%	8,865	1.1%
150 to 179 days	4,588	1.2%	2,011	0.6%	351	0.6%	300	0.9%	7,250	0.9%
Total delinquency	$ 35,246	9.4%	$ 18,540	5.3%	$ 4,896	8.0%	$ 2,797	8.5%	$ 61,479	7.5%
Total finance receivables	$ 375,772	100.0%	$ 347,218	100.0%	$ 61,423	100.0%	$ 33,050	100.0%	$ 817,463	100.0%
Finance receivables in nonaccrual status	$ 19,634	5.2%	$ 9,753	2.8%	$ 2,461	4.0%	$ 1,339	4.1%	$ 33,187	4.1%

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Changes in the allowance for credit losses for the periods indicated are as follows:

In thousands	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Balance at beginning of period	$ 47,750	$ 41,000	$ 48,910	$ 41,250
Provision for credit losses	20,203	18,589	39,718	37,723
Credit losses	(20,666)	(19,003)	(42,686)	(39,997)
Recoveries	1,163	1,414	2,508	3,024
Balance at end of period	$ 48,450	$ 42,000	$ 48,450	$ 42,000

In September 2017, the Company recorded a $3.0 million increase to the allowance for credit losses related to estimated incremental credit losses on customer accounts impacted by hurricanes. As of June 30, 2018, the allowance for credit losses no longer requires or includes an incremental hurricane allowance.

The following is a reconciliation of the allowance for credit losses by product for the periods indicated:

In thousands	Balance April 1, 2018	Provision	Credit Losses	Recoveries	Balance June 30, 2018	Finance Receivables June 30, 2018	Allowance as Percentage of Finance Receivables June 30, 2018
Small loans	$ 23,366	$ 12,720	$ (12,782)	$ 665	$ 23,969	$ 384,690	6.2%
Large loans	18,589	6,784	(6,002)	327	19,698	392,101	5.0%
Automobile loans	3,316	64	(873)	135	2,642	39,414	6.7%
Retail loans	2,479	635	(1,009)	36	2,141	31,033	6.9%
Total	$ 47,750	$ 20,203	$ (20,666)	$ 1,163	$ 48,450	$ 847,238	5.7%

In thousands	Balance April 1, 2017	Provision	Credit Losses	Recoveries	Balance June 30, 2017	Finance Receivables June 30, 2017	Allowance as Percentage of Finance Receivables June 30, 2017
Small loans	$ 20,575	$ 11,082	$ (11,542)	$ 795	$ 20,910	$ 348,742	6.0%
Large loans	12,675	6,124	(5,023)	224	14,000	267,921	5.2%
Automobile loans	5,775	825	(1,724)	334	5,210	79,861	6.5%
Retail loans	1,975	558	(714)	61	1,880	30,243	6.2%
Total	$ 41,000	$ 18,589	$ (19,003)	$ 1,414	$ 42,000	$ 726,767	5.8%

In thousands	Balance January 1, 2018	Provision	Credit Losses	Recoveries	Balance June 30, 2018	Finance Receivables June 30, 2018	Allowance as Percentage of Finance Receivables June 30, 2018
Small loans	$ 24,749	$ 24,003	$ (26,156)	$ 1,373	$ 23,969	$ 384,690	6.2%
Large loans	17,548	13,663	(12,198)	685	19,698	392,101	5.0%
Automobile loans	4,025	585	(2,340)	372	2,642	39,414	6.7%
Retail loans	2,588	1,467	(1,992)	78	2,141	31,033	6.9%
Total	$ 48,910	$ 39,718	$ (42,686)	$ 2,508	$ 48,450	$ 847,238	5.7%

In thousands	Balance January 1, 2017	Provision	Credit Losses	Recoveries	Balance June 30, 2017	Finance Receivables June 30, 2017	Allowance as Percentage of Finance Receivables June 30, 2017
Small loans	$ 21,770	$ 22,245	$ (24,744)	$ 1,639	$ 20,910	$ 348,742	6.0%
Large loans	11,460	11,727	(9,652)	465	14,000	267,921	5.2%
Automobile loans	5,910	2,563	(4,056)	793	5,210	79,861	6.5%
Retail loans	2,110	1,188	(1,545)	127	1,880	30,243	6.2%
Total	$ 41,250	$ 37,723	$ (39,997)	$ 3,024	$ 42,000	$ 726,767	5.8%

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Impaired finance receivables as a percentage of total finance receivables were 2.4% and 2.1% as of June 30, 2018 and December 31, 2017, respectively. The following is a summary of finance receivables evaluated for impairment for the periods indicated:

	June 30, 2018				
In thousands	**Small**	**Large**	**Automobile**	**Retail**	**Total**
Impaired receivables specifically evaluated	$ 6,291	$ 12,553	$ 1,422	$ 115	$ 20,381
Finance receivables evaluated collectively	378,399	379,548	37,992	30,918	826,857
Finance receivables outstanding	$ 384,690	$ 392,101	$ 39,414	$ 31,033	$ 847,238
Impaired receivables in nonaccrual status	$ 541	$ 973	$ 143	$ 29	$ 1,686
Amount of the specific reserve for impaired accounts	$ 1,729	$ 3,101	$ 280	$ 22	$ 5,132
Amount of the general component of the allowance	$ 22,240	$ 16,597	$ 2,362	$ 2,119	$ 43,318

	December 31, 2017				
In thousands	**Small**	**Large**	**Automobile**	**Retail**	**Total**
Impaired receivables specifically evaluated	$ 5,094	$ 10,303	$ 1,724	$ 109	$ 17,230
Finance receivables evaluated collectively	370,678	336,915	59,699	32,941	800,233
Finance receivables outstanding	$ 375,772	$ 347,218	$ 61,423	$ 33,050	$ 817,463
Impaired receivables in nonaccrual status	$ 707	$ 931	$ 129	$ 31	$ 1,798
Amount of the specific reserve for impaired accounts	$ 1,190	$ 2,183	$ 373	$ 20	$ 3,766
Amount of the general component of the allowance	$ 23,559	$ 15,365	$ 3,652	$ 2,568	$ 45,144

The average recorded investment in impaired finance receivables and the amount of interest income recognized on impaired loans for the periods indicated are as follows:

	Three Months Ended June 30,			
	2018		2017 (1)	
In thousands	**Average Recorded Investment**	**Interest Income Recognized**	**Average Recorded Investment**	
Small loans	$ 6,272	$ 342	$ 3,810	
Large loans	12,318	486	7,851	
Automobile loans	1,512	17	2,201	
Retail loans	105	2	111	

Total	$ 20,207	$ 847	$ 13,973

	Six Months Ended June 30,		
	2018		2017 (1)
In thousands	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment
Small loans	$ 5,868	$ 666	$ 3,351
Large loans	11,693	932	7,406
Automobile loans	1,589	65	2,286
Retail loans	101	9	106
Total	$ 19,251	$ 1,672	$ 13,149

(1) It was not practical to compute the amount of interest income recognized on impaired loans prior to fiscal year 2018.

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Note 4. Interest Rate Caps

The Company has purchased interest rate cap contracts with an aggregate notional principal amount of $400.0 million. Each contract contains a strike rate against the one-month LIBOR (2.09% and 1.56% as of June 30, 2018 and December 31, 2017, respectively). The interest rate caps have maturities of March 2019 ($50.0 million with 2.50% strike rate), April 2020 ($100.0 million with 3.25% strike rate), June 2020 ($50.0 million with 2.50% strike rate), and April 2021 ($200.0 million with 3.50% strike rate). When the one-month LIBOR exceeds the strike rate, the counterparty reimburses the Company for the excess over the strike rate. No payment is required by the Company or the counterparty when the one-month LIBOR is below the strike rate. The following is a summary of changes in the rate caps:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands	**2018**	**2017**	**2018**	**2017**
Balance at beginning of period	$ 219	$ 27	$ 98	$ 62
Purchases	481	100	481	100
Fair value adjustment included in interest expense	18	(14)	139	(49)
Balance at end of period, included in other assets	$ 718	$ 113	$ 718	$ 113

Note 5. Long-Term Debt

The following is a summary of the Company s long-term debt as of the periods indicated:

	June 30, 2018			December 31, 2017		
In thousands	**Long-Term Debt**	**Unamortized Debt Issuance Costs**	**Net Long-Term Debt**	**Long-Term Debt**	**Unamortized Debt Issuance Costs**	**Net Long-Term Debt**
Senior revolving credit facility	$ 383,180	$ (1,814)	$ 381,366	$ 452,050	$ (2,162)	$ 449,888
Amortizing loan	32,893	(344)	32,549	53,380	(547)	52,833
Revolving warehouse credit facility	29,692	(1,925)	27,767	66,066	(2,241)	63,825
RMIT 2018-1 securitization	150,000	(3,354)	146,646			
Total	$ 595,765	$ (7,437)	$ 588,328	$ 571,496	$ (4,950)	$ 566,546
Unused amount of revolving credit facilities (subject to borrowing base)	$ 375,128			$ 244,884		

Senior Revolving Credit Facility: In June 2017, the Company amended and restated its senior revolving credit facility to, among other things, increase the availability under the facility from $585 million to $638 million and extend the maturity of the facility from August 2019 to June 2020. The facility has an accordion provision that allows for the expansion of the facility to $700 million. Excluding the receivables held by the Company s VIEs, the senior

revolving credit facility is secured by substantially all of the Company s finance receivables and equity interests of the majority of its subsidiaries. Advances on the senior revolving credit facility are capped at 85% of eligible secured finance receivables, plus 70% of eligible unsecured finance receivables. These advance rates are subject to adjustment at certain credit quality levels (82% of eligible secured finance receivables and 67% of eligible unsecured finance receivables as of June 30, 2018). As of June 30, 2018, the Company had $67.1 million of eligible borrowing capacity under the facility. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity the Company elects between one and six months, with a LIBOR floor of 1.00%, plus a 3.00% margin, increasing to 3.25% when the availability percentage is below 10%. The one-month LIBOR rate was 2.09% and 1.56% at June 30, 2018 and December 31, 2017, respectively. Alternatively, the Company may pay interest at the prime rate, plus a 2.00% margin, increasing to 2.25% when the availability percentage is below 10%. The prime rate was 5.00% and 4.50% at June 30, 2018 and December 31, 2017, respectively. The Company pays an unused line fee of 0.50% per annum, payable monthly. This fee decreases to 0.375% when the average outstanding balance exceeds $413.0 million.

Variable Interest Entity Debt: As part of its overall funding strategy, the Company has transferred certain finance receivables to VIEs for asset-backed financing transactions, including securitizations. The following debt arrangements are issued by the Company s SPEs, which are considered VIEs under GAAP and are consolidated into the financial statements of their primary beneficiary. The Company is considered to be the primary beneficiary because it has (i) power over the significant activities through its role as servicer of the finance receivables under each debt arrangement and (ii) the obligation to absorb losses or the right to receive returns that could be significant through the Company s interest in the monthly residual cash flows of the SPEs after each debt is paid.

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These long-term debts are supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these finance receivables are remitted to restricted cash collection accounts, which totaled $16.4 million and $8.6 million as of June 30, 2018 and December 31, 2017, respectively. Cash inflows from the finance receivables are distributed to the lenders/investors, the service providers, and/or the residual interest that the Company owns in accordance with a monthly contractual priority of payments. The SPEs pay a servicing fee to the Company which is eliminated in consolidation. Distributions from the SPEs to the Company are permitted under the debt arrangements.

At each sale of receivables from the Company s affiliates to the SPEs, the Company makes certain representations and warranties about the quality and nature of the collateralized receivables. The debt arrangements require the Company to repurchase the receivables in certain circumstances, including circumstances in which the representations and warranties made by the Company concerning the quality and characteristics of the receivables are inaccurate. Assets transferred to each SPE are legally isolated from the Company and its affiliates, as well as the claims of the Company s and its affiliates creditors. Further, the assets of each SPE are owned by such SPE and are not available to satisfy the debts or other obligations of the Company or any of its affiliates.

Amortizing Loan: In November 2017, the Company and its wholly-owned SPE, Regional Management Receivables, LLC (RMR I), amended and restated the December 2015 credit agreement that provided for a $75.7 million asset-backed, amortizing loan. The amended and restated credit agreement provided for an additional advance in the amount of $37.8 million and extended the maturity date to December 2024. The debt is secured by finance receivables and other related assets that the Company purchased from its affiliates, which the Company then sold and transferred to RMR I. Advances on this debt were at a rate of 88%. RMR I held $1.3 million in restricted cash reserves as of June 30, 2018 to satisfy provisions of the credit agreement. Borrowings previously bore interest, payable monthly, at a rate of 3.00%. In February 2018, the Company agreed to lower the advance rate to 85% and increase the interest rate to 3.25%. The credit agreement allows the Company to prepay the loan when the outstanding balance falls below 20% of the original loan amount.

Revolving Warehouse Credit Facility: In June 2017, the Company and its wholly-owned SPE, Regional Management Receivables II, LLC (RMR II), entered into a credit agreement providing for a $125 million revolving warehouse credit facility to RMR II, which was subsequently expanded to $150 million in May 2018. The credit agreement converts to an amortizing loan in December 2018 and terminates in December 2019. The debt is secured by finance receivables and other related assets that the Company purchased from its affiliates, which the Company then sold and transferred to RMR II. Advances on the facility are capped at 80% of eligible finance receivables. RMR II held $0.4 million in restricted cash reserves as of June 30, 2018 to satisfy provisions of the credit agreement. Borrowings under the facility previously bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. In October 2017 and February 2018, the margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with the Company s conversion to a new loan origination and servicing system. The three-month LIBOR was 2.34% and 1.69% at June 30, 2018 and December 31, 2017, respectively. RMR II pays an unused commitment fee of between 0.35% and 0.85% based upon the average daily utilization of the facility.

RMIT 2018-1 Securitization: In June 2018, the Company, its wholly-owned SPE, Regional Management Receivables III, LLC (RMR III), and its indirect wholly-owned SPE, Regional Management Issuance Trust 2018-1 (RMIT 2018-1), completed a private offering and sale of $150 million of asset-backed notes. The transaction consisted of the issuance of three classes of fixed-rate asset-backed notes by RMIT 2018-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2018-1. The notes have a revolving period ending in June 2020, with a final maturity date in July 2027. The debt is secured by finance receivables that RMIT 2018-1 purchased from the Company s affiliates. RMIT 2018-1 held $1.7 million in restricted cash reserves as of June 30, 2018 to satisfy provisions of the transaction

documents. Borrowings under the RMIT 2018-1 securitization bear interest, payable monthly, at a weighted average rate of 3.93%. Prior to maturity in July 2027, the Company may redeem the notes in full, but not in part, at its option on any note payment date on or after the payment date occurring in July 2020. No payments of principal of the notes will be made during the revolving period.

The carrying amounts of consolidated VIE assets and liabilities are as follows:

In thousands	**June 30, 2018**	**December 31, 2017**
Assets		
Cash	$ 120	$ 70
Finance receivables	232,354	137,239
Allowance for credit losses	(9,929)	(7,129)
Restricted cash	19,700	10,734
Other assets	110	119
Total assets	$ 242,355	$ 141,033
Liabilities		
Net long-term debt	$ 206,962	$ 116,658
Accounts payable and accrued expenses	44	53
Total liabilities	$ 207,006	$ 116,711

The Company s debt arrangements are subject to certain covenants, including monthly and annual reporting, maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, maintenance of a minimum allowance for credit losses, and certain other restrictions. At June 30, 2018, the Company was in compliance with all debt covenants.

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Note 6. Disclosure About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and restricted cash: Cash and restricted cash is recorded at cost, which approximates fair value due to its generally short maturity and highly liquid nature.

Finance receivables: Finance receivables are originated at prevailing market rates. The Company s finance receivable portfolio turns approximately 1.3 times per year. The portfolio turnover is calculated by dividing cash payments, renewals, and net credit losses by the average finance receivables. Management believes that the carrying amount approximates the fair value of its finance receivable portfolio.

Interest rate caps: The fair value of the interest rate caps is the estimated amount the Company would receive to terminate the cap agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty.

Repossessed assets: Repossessed assets are valued at the lower of the finance receivable balance prior to repossession or the estimated net realizable value of the repossessed asset. The Company estimates net realizable value using the projected cash value upon liquidation, less costs to sell the related collateral.

Long-term debt: The Company s long-term debt is frequently renewed, amended, or recently originated. As a result, the Company believes that the fair value of long-term debt approximates carrying amounts. The Company also considered its creditworthiness in its determination of fair value.

The carrying amount and estimated fair values of the Company s financial instruments summarized by level are as follows:

	June 30, 2018		December 31, 2017	
In thousands	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Level 1 inputs				
Cash	$ 2,799	$ 2,799	$ 5,230	$ 5,230
Restricted cash	26,356	26,356	16,787	16,787
Level 2 inputs				
Interest rate caps	718	718	98	98
Level 3 inputs				
Net finance receivables	798,788	798,788	768,553	768,553
Repossessed assets	208	208	431	431
Liabilities				
Level 3 inputs				
Long-term debt	595,765	595,765	571,496	571,496

Certain of the Company s assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are carried at fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

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Note 7. Income Taxes

Income tax expense differed from the amount computed by applying the federal income tax rate to total income before income taxes as a result of the following:

	Three Months Ended June 30,			
	2018		2017	
In thousands	$	%	$	%
Federal tax expense at statutory rate	$ 2,327	21.0%	$ 3,460	35.0%
Increase (reduction) in income taxes resulting from:				
State tax, net of federal benefit	389	3.5%	278	2.8%
Excess tax benefits from share-based awards	(170)	(1.5)%	(36)	(0.4)%
Other	55	0.5%	49	0.5%
	$ 2,601	23.5%	$ 3,751	37.9%

	Six Months Ended June 30,			
	2018		2017	
In thousands	$	%	$	%
Federal tax expense at statutory rate	$ 4,709	21.0%	$ 6,967	35.0%
Increase (reduction) in income taxes resulting from:				
State tax, net of federal benefit	768	3.4%	524	2.6%
Excess tax benefits from share-based awards	(308)	(1.4)%	(1,488)	(7.5)%
Other	129	0.6%	133	0.7%
	$ 5,298	23.6%	$ 6,136	30.8%

In December 2017, the Tax Cuts and Jobs Act (the Tax Act) was signed into law. The Tax Act made changes to U.S. tax law, including a reduction in the federal corporate tax rate from 35.0% to 21.0%. The 14.0% rate decrease for the six months ended June 30, 2018 was partially offset by a decrease in excess tax benefits from share-based awards compared to the six months ended June 30, 2017. As a result, the Company s total effective tax rate decreased 7.2% for the six months ended June 30, 2018 compared to the prior-year period.

As of December 31, 2017, the Company was required to revalue deferred tax assets and liabilities at the enacted rate as a result of the Tax Act. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects of the Tax Act and recorded provisional amounts in its consolidated financial statements as of December 31, 2017. As the Company collects and prepares necessary data and interprets the Tax Act and any additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service, the SEC, and other standard-setting bodies, it may make adjustments to the provisional amounts. The accounting for the tax effects of the Tax Act will be completed in 2018.

Pursuant to the adoption of an accounting standard update issued in March 2016 and effective beginning in fiscal year 2017, the Company recognizes the tax benefits or deficiencies from the exercise or vesting of share-based awards in the income tax line of the consolidated statements of income. These tax benefits and deficiencies were previously recognized within additional paid-in-capital on the Company s consolidated balance sheet.

Note 8. Earnings Per Share

The following schedule reconciles the computation of basic and diluted earnings per share for the periods indicated:

In thousands, except per share amounts	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Numerator:				
Net income	$ 8,482	$ 6,135	$ 17,126	$ 13,769
Denominator:				
Weighted average shares outstanding for basic earnings per share	11,658	11,554	11,638	11,524
Effect of dilutive securities	480	176	446	199
Weighted average shares adjusted for dilutive securities	12,138	11,730	12,084	11,723
Earnings per share:				
Basic	$ 0.73	$ 0.53	$ 1.47	$ 1.19
Diluted	$ 0.70	$ 0.52	$ 1.42	$ 1.17

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Options to purchase 138 thousand and 249 thousand shares of common stock were outstanding during the three and six months ended June 30, 2018 and 2017, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

Note 9. Share-Based Compensation

The Company previously adopted the 2007 Management Incentive Plan (the 2007 Plan) and the 2011 Stock Incentive Plan (the 2011 Plan). On April 22, 2015, the stockholders of the Company approved the 2015 Long-Term Incentive Plan (the 2015 Plan), and on April 27, 2017, the stockholders of the Company re-approved the 2015 Plan, as amended and restated. As of June 30, 2018, subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of the Company s common stock that could be issued under the 2015 Plan could not exceed the sum of (i) 1.6 million shares plus (ii) any shares (A) remaining available for the grant of awards as of the 2015 Plan effective date (April 22, 2015) under the 2007 Plan or the 2011 Plan, and/or (B) subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cancelled, terminated, expires, or lapses without the issuance of shares or pursuant to which such shares are forfeited. As of the effectiveness of the 2015 Plan (April 22, 2015), there were 922 thousand shares available for grant under the 2015 Plan, inclusive of shares previously available for grant under the 2007 Plan and the 2011 Plan that were rolled over to the 2015 Plan. No further grants will be made under the 2007 Plan or the 2011 Plan. However, awards that are outstanding under the 2007 Plan and the 2011 Plan will continue in accordance with their respective terms. As of June 30, 2018, there were 1.1 million shares available for grant under the 2015 Plan.

For the three months ended June 30, 2018 and 2017, the Company recorded share-based compensation expense of $1.8 million and $1.3 million, respectively. The Company recorded $3.4 million and $2.1 million in share-based compensation for the six months ended June 30, 2018 and 2017, respectively. As of June 30, 2018, unrecognized share-based compensation expense to be recognized over future periods approximated $10.3 million. This amount will be recognized as expense over a weighted-average period of 2.0 years. Share-based compensation expenses are recognized on a straight-line basis over the requisite service period of the agreement. All share-based compensation is classified as equity awards except for cash-settled performance units, which are classified as liabilities.

The Company allows for the settlement of share-based awards on a net share basis. With net share settlement, the employee does not surrender any cash or shares upon the exercise of stock options or the vesting of stock awards or stock units. Rather, the Company withholds the number of shares with a value equivalent to the option exercise price (for stock options) and the statutory tax withholding (for all share-based awards). Net share settlements have the effect of reducing the number of shares that would have otherwise been issued as a result of exercise or vesting.

Long-term incentive program: The Company issues nonqualified stock options, performance-contingent restricted stock units (RSUs), and cash-settled performance units (CSPUs) to certain members of senior management under a long-term incentive program. Recurring annual grants are made at the discretion of the Company s Board of Directors (the Board). The annual grants are subject to cliff- and graded-vesting, generally concluding at the end of the third calendar year and subject to continued employment or as otherwise provided in the underlying award agreements. The actual value of the RSUs and CSPUs that may be earned can range from 0% to 150% of target based on the percentile ranking of the Company s compound annual growth rate of net income and net income per share compared to a public company peer group over a three-year performance period.

In 2016, the Company introduced a key team member incentive program for certain other members of senior management. Recurring annual participation in the program is at the discretion of the Board and executive management. Each participant in the program is eligible to earn a restricted stock award, subject to performance over a one-year period. Payout under the program can range from 0% to 150% of target based on the achievement of five

Company performance metrics and individual performance goals (subject to continued employment and certain other terms and conditions of the program). If earned, the restricted stock award is issued following the one-year performance period and vests ratably over a subsequent two-year period (subject to continued employment or as otherwise provided in the underlying award agreement).

Inducement and retention program: From time to time, the Company issues share-based awards in conjunction with employment offers to select new employees and retention grants to select existing employees. The Company issues these awards to attract and retain talent and to provide market competitive compensation. The grants have various vesting terms, including fully-vested awards at the grant date, cliff-vesting, and graded-vesting over periods of up to five years (subject to continued employment or as otherwise provided in the underlying award agreements).

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Non-employee director compensation program: In 2016, the Company awarded its non-employee directors a cash retainer, committee meeting fees, shares of restricted common stock, and nonqualified stock options. The Board revised the compensation program in April 2017 to provide that the value of each director s equity-based award be allocated solely to restricted stock, rather than split evenly between restricted stock and nonqualified stock options. The restricted stock awards are granted on the fifth business day following the Company s annual meeting of stockholders and fully vest upon the earlier of the first anniversary of the grant date or the completion of the directors annual service to the Company. In 2016, the nonqualified stock option awards were granted on the fifth business day following the Company s annual meeting of stockholders and were immediately vested on the grant date.

The following are the terms and amounts of the awards issued under the Company s share-based incentive programs:

Nonqualified stock options: The exercise price of all stock options is equal to the Company s closing stock price on the date of grant. Stock options are subject to various vesting terms, including graded- and cliff-vesting over periods of up to five years. In addition, stock options vest and become exercisable in full or in part under certain circumstances, including following the occurrence of a change of control (as defined in the option award agreements). Participants who are awarded options must exercise their options within a maximum of ten years of the grant date.

The fair value of option grants is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions for option grants during the periods indicated below:

	Six Months Ended June 30,	
	2018	**2017**
Expected volatility	41.63%	43.95%
Expected dividends	0.00%	0.00%
Expected term (in years)	5.99	5.96
Risk-free rate	2.66%	2.09%

Expected volatility is based on the Company s historical stock price volatility. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data to estimate the expected term. The risk-free rate is based on the zero coupon U.S. Treasury bond rate over the expected term of the awards.

The following table summarizes the stock option activity for the six months ended June 30, 2018:

In thousands, except per share amounts	**Number of Shares**	**Weighted-Average Exercise Price Per Share**	**Weighted-Average Remaining Contractual Life (Years)**	**Aggregate Intrinsic Value**
Options outstanding at January 1, 2018	958	$ 17.39		
Granted	112	28.25		
Exercised	(89)	16.62		
Forfeited				
Expired				

Options outstanding at June 30, 2018	981	$	18.69	7.1	$ 16,007
Options exercisable at June 30, 2018	703	$	17.03	6.5	$ 12,639

The following table provides additional stock option information for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands, except per share amounts	**2018**	**2017**	**2018**	**2017**
Weighted-average grant date fair value per share	$	$ 8.72	$ 12.39	$ 8.90
Intrinsic value of options exercised	$ 574	$ 78	$ 1,604	$ 4,802
Fair value of stock options that vested	$	$ 258	$ 199	$ 559

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Performance-contingent restricted stock units: Compensation expense for RSUs is based on the Company s closing stock price on the date of grant and the probability that certain financial goals are achieved over the performance period. Compensation cost is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes RSU activity during the six months ended June 30, 2018:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2018	201	$ 17.33
Granted	59	28.25
Vested		
Forfeited	(78)	14.92
Non-vested units at June 30, 2018	182	$ 21.89

The following table provides additional RSU information for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted-average grant date fair value per unit	$	$	$ 28.25	$ 19.99

Cash-settled performance units: CSPUs will be settled in cash at the end of the performance measurement period and are classified as a liability. The value of CSPUs bears no relationship to the value of the Company s common stock. Compensation cost is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes CSPU activity during the six months ended June 30, 2018:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2018	3,484	$ 1.00
Granted	1,660	1.00
Vested		
Forfeited	(1,162)	1.00
Non-vested units at June 30, 2018	3,982	$ 1.00

Restricted stock awards: The fair value and compensation cost of restricted stock is calculated using the Company s closing stock price on the date of grant.

The following table summarizes restricted stock activity during the six months ended June 30, 2018:

In thousands, except per share amounts	**Shares**	**Weighted-Average Grant Date Fair Value Per Share**
Non-vested shares at January 1, 2018	53	$ 19.36
Granted	98	24.70
Vested	(34)	21.09
Forfeited		
Non-vested shares at June 30, 2018	117	$ 23.33

The following table provides additional restricted stock information:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
In thousands, except per share amounts	**2018**	**2017**	**2018**	**2017**
Weighted-average grant date fair value per share	$ 34.39	$ 20.88	$ 24.70	$ 18.38
Fair value of restricted stock awards that vested	$ 651	$ 345	$ 711	$ 390

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Note 10. Commitments and Contingencies

In the normal course of business, the Company has been named as a defendant in legal actions in connection with its activities. Some of the actual or threatened legal actions include claims for compensatory and punitive damages or claims for indeterminate amounts of damages. The Company contests liability and the amount of damages, as appropriate, in each pending matter.

Where available information indicates that it is probable that a liability has been incurred and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to net income. As of June 30, 2018, the Company had accrued $0.2 million for these matters.

However, in many legal actions, it is inherently difficult to determine whether any loss is probable, or even reasonably possible, or to estimate the amount of loss. This is particularly true for actions that are in their early stages of development or where plaintiffs seek indeterminate damages. In addition, even where a loss is reasonably possible or an exposure to loss exists in excess of the liability already accrued, it is not always possible to reasonably estimate the size of the possible loss or range of loss. Before a loss, additional loss, range of loss, or range of additional loss can be reasonably estimated for any given action, numerous issues may need to be resolved, including through lengthy discovery, following determination of important factual matters, and/or by addressing novel or unsettled legal questions.

For certain other legal actions, the Company can estimate reasonably possible losses, additional losses, ranges of loss, or ranges of additional loss in excess of amounts accrued, but the Company does not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on the consolidated financial statements.

While the Company will continue to identify legal actions where it believes a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that the Company has not yet been notified of or are not yet determined to be probable, or reasonably possible and reasonable to estimate.

The Company expenses legal costs as they are incurred.

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ITEM 2. ***MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, our unaudited consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q. These discussions contain forward-looking statements that reflect our current expectations and that include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, expectations regarding demand and acceptance for our financial products, growth opportunities and trends in the market in which we operate, prospects, and plans and objectives of management. The words anticipates, believes, estimates, expects, intends, may, plans, projects, will, would, and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements involve risks and uncertainties that could cause actual results or events to differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements. Such risks and uncertainties include, without limitation, the risks set forth in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (which was filed with the SEC on February 23, 2018), our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (which was filed with the SEC on May 1, 2018), and this Quarterly Report on Form 10-Q. The forward-looking information we have provided in this Quarterly Report on Form 10-Q pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise such statements, except as required by the federal securities laws.

Overview

We are a diversified consumer finance company providing a broad array of loan products primarily to customers with limited access to consumer credit from banks, credit card companies, and other traditional lenders. We began operations in 1987 with four branches in South Carolina and have expanded our branch network to 340 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of June 30, 2018. Most of our loan products are secured, and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Our loans are sourced through our multiple channel platform, which includes our branches, direct mail campaigns, retailers, digital partners, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our loan portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified products include:

Small Loans (£$2,500) As of June 30, 2018, we had 257.1 thousand small installment loans outstanding, representing $384.7 million in finance receivables. This included 94.7 thousand small loan convenience checks, representing $124.0 million in finance receivables.

Large Loans (>$2,500) As of June 30, 2018, we had 90.6 thousand large installment loans outstanding, representing $392.1 million in finance receivables. This included 2.3 thousand large loan convenience checks, representing $6.6 million in finance receivables.

Automobile Loans As of June 30, 2018, we had 5.1 thousand automobile purchase loans outstanding, representing $39.4 million in finance receivables. This included 3.0 thousand indirect automobile loans and 2.1 thousand direct automobile loans, representing $25.6 million and $13.8 million in finance receivables, respectively.

Retail Loans As of June 30, 2018, we had 21.7 thousand retail purchase loans outstanding, representing $31.0 million in finance receivables.

Optional Insurance Products We offer optional payment and collateral protection insurance to our direct loan customers.

Small and large installment loans are our core loan products and will be the drivers of our future growth. We ceased originating automobile loans in November 2017 to focus on growing our core loan portfolio, though we will continue to own and service our current automobile loans. Our primary sources of revenue are interest and fee income from our loan products, of which interest and fees relating to small and large installment loans are the largest component. In addition to interest and fee income from loans, we derive revenue from optional insurance products purchased by customers of our direct loan products.

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Factors Affecting Our Results of Operations

Our business is driven by several factors affecting our revenues, costs, and results of operations, including the following:

Quarterly Information and Seasonality. Our loan volume and contractual delinquency follow seasonal trends. Demand for our small and large loans is typically highest during the second, third, and fourth quarters, which we believe is largely due to customers borrowing money for vacation, back-to-school, and holiday spending. With the exception of retail loans, loan demand has generally been the lowest during the first quarter, which we believe is largely due to the timing of income tax refunds. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, we experience seasonal fluctuations in our operating results and cash needs.

Growth in Loan Portfolio. The revenue that we derive from interest and fees is largely driven by the balance of loans that we originate and purchase. Average finance receivables grew 13.2% from $657.4 million in 2016 to $744.2 million in 2017. Average finance receivables grew 14.9% from $710.5 million in the first six months of 2017 to $816.2 million in the first six months of 2018. We source our loans through our branches, direct mail program, retail partners, digital partners, and our consumer website. Our loans are made almost exclusively in geographic markets served by our network of branches. Increasing the number of loans per branch and the number of branches we operate allows us to increase the number of loans that we are able to service. We opened eight net new branches in the first six months of 2017. We opened one new branch and consolidated three branches during the first six months of 2018. We believe that we have the opportunity to add as many as 700 additional branches in states where it is currently favorable for us to conduct business, and we have plans to continue to grow our branch network.

Product Mix. We are exposed to different credit risks and charge different interest rates and fees with respect to the various types of loans we offer. Our product mix also varies to some extent by state, and we may further diversify our product mix in the future. The interest rates and fees vary from state to state, depending upon the competitive environment and relevant laws and regulations.

Asset Quality and Allowance for Credit Losses. Our results of operations are highly dependent upon the credit quality of our loan portfolio. The credit quality of our loan portfolio is the result of our ability to enforce sound underwriting standards, maintain diligent servicing of the portfolio, and respond to changing economic conditions as we grow our loan portfolio. The allowance for credit losses calculation uses the current delinquency profile and historical delinquency roll rates as key data points in estimating the allowance. We believe that the primary underlying factors driving the provision for credit losses for each loan type are our underwriting standards, the general economic conditions in the areas in which we conduct business, loan portfolio growth, and the effectiveness of our collection efforts. In addition, the market for repossessed automobiles at auction is another underlying factor that we believe influences the provision for credit losses for automobile purchase loans and, to a lesser extent, large loans. We monitor these factors, and the amount and past due status of delinquencies for all loans one or more days past due, to identify trends that might require us to modify the allowance for credit losses.

Interest Rates. Our costs of funds are affected by changes in interest rates, as the interest rates that we pay on our revolving credit facilities are variable. As a component of our strategy to manage the interest rate risk associated with future interest payments on our variable-rate debt, we have purchased interest rate cap contracts. As of June 30, 2018, we held four interest rate cap contracts with an aggregate notional principal amount of $400.0 million. The interest rate caps have maturities of March 2019 ($50.0 million, 2.50% strike rate), April 2020 ($100.0 million, 3.25% strike rate), June 2020 ($50.0 million, 2.50% strike rate), and April 2021 ($200.0 million, 3.5% strike rate). As of June 30, 2018, the one-month LIBOR was 2.09%. When the one-month LIBOR exceeds the strike rate, the counterparty

reimburses us for the excess over the strike rate. No payment is required by us or the counterparty when the one-month LIBOR is below the strike rate. In addition, the interest rate on a portion of our long-term debt (the amortizing loan and the RMIT 2018-1 securitization) is fixed. As of June 30, 2018, 97.8% of our long-term debt was at a fixed rate or covered by interest rate cap contracts.

Operating Costs. Our financial results are impacted by the costs of operations and home office functions. Those costs are included in general and administrative expenses on our consolidated statements of income. Our receivable efficiency ratio (annualized sum of general and administrative expenses divided by average finance receivables) was 16.6% for the first six months of 2018, compared to 17.8% for the same period of 2017. We believe this ratio is generally in line with industry standards for companies of our size, and we expect that it will continue to decline in future years as we continue to grow our loan portfolio and control expense growth.

Components of Results of Operations

Interest and Fee Income. Our interest and fee income consists primarily of interest earned on outstanding loans. Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. If the account is charged off, the accrued interest income is reversed as a reduction of interest and fee income.

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Most states allow certain fees in connection with lending activities, such as loan origination fees, acquisition fees, and maintenance fees. Some states allow for higher fees while keeping interest rates lower. Loan fees are additional charges to the customer and are included in the annual percentage rate shown in the Truth in Lending disclosure that we make to our customers. The fees may or may not be refundable to the customer in the event of an early payoff, depending on state law. Fees are accrued to income over the life of the loan on the constant yield method.

Insurance Income, Net. Our insurance operations are a material part of our overall business and are integral to our lending activities. Insurance income, net consists primarily of earned premiums, net of certain direct costs, from the sale of various optional payment and collateral protection insurance products offered to customers who obtain loans directly from us. We do not sell insurance to non-borrowers. Direct costs included in insurance income are claims paid, claims reserves, ceding fees, and premium taxes paid. We do not provide for the allocation to insurance income, net of any other home office or branch administrative costs associated with managing our insurance operations, managing our captive insurance company, marketing and selling insurance products, legal and compliance review, or internal audits. All of these costs are included in general and administrative expenses in our consolidated income statement.

Our primary insurance products include optional credit life insurance, accident and health insurance, involuntary unemployment insurance, and personal property insurance. The type and terms of our optional insurance products vary from state to state based on applicable laws and regulations. We require that customers maintain property insurance on any personal property securing loans, and we offer customers the option of providing proof of such insurance purchased from a third party in lieu of purchasing property insurance from us. We also require proof of insurance on any vehicles securing loans, and in select markets, we offer vehicle single interest insurance on vehicles used as collateral on small and large loans. In addition, before we ceased originating automobile loans in November 2017, we offered a guaranteed asset protection waiver product, which provides for the forgiveness of any loan balance remaining if the automobile collateral is determined to be a total loss by the primary insurance carrier and insurance proceeds are insufficient to pay off the customer s loan in full.

Apart from the various optional payment and collateral protection insurance products that we offer to our customers, on certain loans, we also collect a fee from our customers and in turn purchase non-file insurance from an unaffiliated insurance company for our benefit in lieu of recording and perfecting our security interest in personal property collateral. Non-file insurance protects us from credit losses where, following an event of default, we are unable to take possession of personal property collateral because our security interest is not perfected (for example, in certain instances where a customer files for bankruptcy and our claim is deemed to be unsecured because we have not taken action to perfect our security interest in the related personal property collateral). In such circumstances, non-file insurance generally will pay an amount equal to the lesser of the loan balance or the collateral value.

We issue insurance certificates as agents on behalf of an unaffiliated insurance company and then remit to the unaffiliated insurance company the premiums we collect, net of refunds on prepaid loans and net of commission on new business. The unaffiliated insurance company then cedes to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd., the net insurance premium revenue and the associated insurance claims liability for all insurance products, including the non-file insurance that we purchase. Life insurance premiums are ceded as written and non-life insurance premiums are ceded as earned. In accepting the premium revenue and associated claims liability, RMC Reinsurance acts as reinsurer for all insurance products that we sell to our customers and for the non-file insurance that we purchase. RMC Reinsurance pays the unaffiliated insurance company a ceding fee for the continued administration of all insurance products.

As reinsurer, we maintain cash reserves for life insurance claims in an amount determined by the unaffiliated insurance company. As of June 30, 2018, the restricted cash balance for these cash reserves was $6.7 million. The

unaffiliated insurance company maintains the reserves for non-life claims. Insurance income, net includes all of the above-described insurance premiums, claims, and expenses.

Other Income. Our other income consists primarily of late charges assessed on customers who fail to make a payment within a specified number of days following the due date of the payment. In addition, fees for extending the due date of a loan, returned check charges, and commissions earned from the sale of an auto club product are included in other income.

Provision for Credit Losses. Provisions for credit losses are charged to income in amounts that we estimate as sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses on the related finance receivable portfolio. Credit loss experience, delinquency of finance receivables, loan portfolio growth, the value of underlying collateral, and management s judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. Our provision for credit losses fluctuates so that we maintain an adequate credit loss allowance that reflects forecasted future credit losses over the estimated loss emergence period (the interval of time between the event which caused a borrower to default and our recording of the credit loss) for each finance receivable type. Changes in our delinquency and net credit loss rates may result in changes to our provision for credit losses. Substantial adjustments to the allowance may be necessary if there are significant changes in economic conditions or loan portfolio performance.

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General and Administrative Expenses. Our general and administrative expenses are comprised of four categories: personnel, occupancy, marketing, and other. We measure our general and administrative expenses as a percentage of average finance receivables, which we refer to as our receivable efficiency ratio.

Our personnel expenses are the largest component of our general and administrative expenses and consist primarily of the salaries and wages, overtime, contract labor, relocation costs, bonuses, benefits, and related payroll taxes associated with all of our operations and home office employees.

Our occupancy expenses consist primarily of the cost of renting our facilities, all of which are leased, as well as the utility, depreciation of leasehold improvements and furniture and fixtures, telecommunication, data processing, and other non-personnel costs associated with operating our business.

Our marketing expenses consist primarily of costs associated with our direct mail campaigns (including postage and costs associated with selecting recipients), digital marketing, and maintaining our consumer website, as well as some local marketing by branches. These costs are expensed as incurred.

Other expenses consist primarily of legal, compliance, audit, consulting, non-employee director compensation, amortization of software licenses and implementation costs, electronic payment processing costs, bank service charges, office supplies, and credit bureau charges. We expect legal and compliance costs to remain elevated due to the regulatory environment in the consumer finance industry. For a discussion regarding how risks and uncertainties associated with legal proceedings and the current regulatory environment may impact our future expenses, net income, and overall financial condition, see Part II, Item 1A. Risk Factors and the filings referenced therein.

Interest Expense. Our interest expense consists primarily of paid and accrued interest for long-term debt, unused line fees, and amortization of debt issuance costs on long-term debt. Interest expense also includes costs attributable to the interest rate caps that we use to manage our interest rate risk. Changes in the fair value of the interest rate caps are reflected in interest expense.

Income Taxes. Income taxes consist of state and federal income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The change in deferred tax assets and liabilities is recognized in the period in which the change occurs, and the effects of future tax rate changes are recognized in the period in which the enactment of new rates occurs.

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Results of Operations

The following table summarizes our results of operations, both in dollars and as a percentage of average finance receivables (annualized):

	2Q 18		2Q 17		YTD 18		YTD 17	
In thousands	Amount	% of Average Receivables	Amount	% of Average Receivables	Amount	% of Average Receivables	Amount	% of Average Receivables
Revenue								
Interest and fee income	$ 66,829	32.7%	$ 59,787	33.8%	$ 132,980	32.6%	$ 119,042	33.5%
Insurance income, net	2,882	1.4%	3,085	1.7%	6,271	1.5%	6,890	1.9%
Other income	2,705	1.3%	2,466	1.4%	5,790	1.4%	5,226	1.5%
Total revenue	72,416	35.4%	65,338	36.9%	145,041	35.5%	131,158	36.9%
Expenses								
Provision for credit losses	20,203	9.9%	18,589	10.5%	39,718	9.7%	37,723	10.6%
Personnel	19,390	9.5%	18,387	10.4%	40,618	10.0%	36,555	10.3%
Occupancy	5,478	2.7%	5,419	3.1%	11,096	2.7%	10,704	3.0%
Marketing	2,258	1.1%	1,779	1.0%	3,711	0.9%	2,984	0.8%
Other	6,089	2.9%	6,057	3.4%	12,382	3.0%	12,853	3.7%
Total general and administrative	33,215	16.2%	31,642	17.9%	67,807	16.6%	63,096	17.8%
Interest expense	7,915	3.9%	5,221	2.9%	15,092	3.7%	10,434	2.9%
Income before income taxes	11,083	5.4%	9,886	5.6%	22,424	5.5%	19,905	5.6%
Income taxes	2,601	1.3%	3,751	2.1%	5,298	1.3%	6,136	1.7%
Net income	$ 8,482	4.1%	$ 6,135	3.5%	$ 17,126	4.2%	$ 13,769	3.9%

Information explaining the changes in our results of operations from year-to-year is provided in the following pages.

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The following table summarizes the quarterly trend of our financial results:

	Quarterly Trend									
	4Q 17									1Q 18
5	$ 66,377								$	66
5	3,076									3
4	2,654									3
4	72,107									72
2	19,464									19
4	19,903									21
0	5,346									5
3	1,841									1
3	6,929									6
0	34,019									34
3	6,816									7
4	11,808									11
5	923									2
9	$ 10,885								$	8
5	$ 0.94								$	
5	$ 0.92								$	
3	11,592									11

2	11,875		12
5	$ 65,291	$	65
4	$ 45,827	$	45

	4Q 17	1Q 18	
0	$ 829,483	$	814

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities with exceptions for, among other things, intercompany issuances and permitted stock awards;

purchase, redeem or acquire any shares of capital stock or other securities of Maytag or any of its subsidiaries;

issue stock options, debt securities or other securities, except:

(1) the issuance of Maytag common stock upon the exercise of Maytag employee stock options or rights under Maytag's employee discount stock purchase plan outstanding as of the date of the merger agreement, but only to the extent required by their terms in effect on the date of the merger agreement, or

(2) the issuance of Maytag common stock with respect to outstanding rights under restricted stock units, performance stock rights and deferred compensation plans, but only to the extent required by their terms in effect on the date of the merger agreement;

amend its certificate of incorporation, bylaws, or other comparable charter or organizational documents;

make any acquisitions of businesses or material assets, except:

(1) purchases of assets in the ordinary course of business consistent with past practice, or

(2) acquisitions of assets pursuant to capital expenditures in an amount not in excess of $200,000,000 in the aggregate (including expenditures pursuant to the eleventh item on this list below) and taken together with all such expenditures made since January 1, 2005;

except as required by law or the terms of any plan or agreement in effect on August 10, 2005, (A) grant to any current or former director, officer, employee or independent contractor of Maytag or any of its subsidiaries (each, a "Participant") any loan or increase in compensation, except for any such increase in compensation (other than a base salary increase to a Maytag primary executive) made in the ordinary course of business consistent with past practice, (B) grant to any Participant any increase in severance, change in control or termination pay or benefits, or pay any bonus to any Participant, except for bonuses paid to Participants in the ordinary course of business consistent with past practice, (C) enter into any employment, change in control, loan, retention, consulting, indemnification, severance, termination, or similar agreement with any Participant, except (x) in the ordinary course of business consistent with past practice in connection with new hires to replace departed key employees, (y) in the ordinary course of business consistent with past practice in connection with promotions made in the ordinary course of business consistent with past practice (except, in the case of clauses (x) and (y), any change in control agreements) and

(z) for severance arrangements entered into with Participants (other than Excluded Participants) in the ordinary course of business consistent with past practice after consultation in good faith with Whirlpool), (D) take any action to fund or in any other way secure the payment of compensation or benefits under any Maytag benefit plan or Maytag benefit agreement, (E) establish, adopt, enter into, terminate, or amend any collective

bargaining agreement or other labor union contract, Maytag benefit plan, or Maytag benefit agreement, (F) pay or provide to any Participant any benefit not provided for under a Maytag benefit plan or Maytag benefit agreement as in effect on August 10, 2005 other than the payment of compensation and severance in the ordinary course of business consistent with past practice, (G) grant any incentive awards under any Maytag benefit plan (including the grant of Maytag stock options, stock appreciation rights, performance units, performance shares, restricted stock, stock purchase rights, or other stock-based or stock-related awards, or the removal or modification of existing restrictions in any contract, Maytag benefit plan, or Maytag benefit agreement on incentive awards made thereunder), other than in the ordinary course of business consistent with past practice, or (H) take any action to accelerate any material rights or benefits, including vesting and payment, under any collective bargaining agreement, Maytag benefit plan, or Maytag benefit agreement (for the avoidance of doubt, under no circumstances will any voluntary contributions to Maytag's U.S. pension plan not prohibited by the fifteenth item on this list (relating to pension plans) be deemed prohibited under this provision or any of the other items on this list); provided that under no circumstances will this provision or any of the other items on this list be deemed to prohibit any of the following actions by Maytag and its affiliates between the date of the merger agreement and the closing date: (x) administration of Maytag's annual bonus program in the ordinary course of business consistent with past practice (including determination and payment of 2005 bonuses and establishment and implementation of a plan for the 2006 calendar year), and (y) grants of Maytag stock options and restricted stock units and performance units in amounts and on terms consistent with past practice (it being agreed that aggregate grants of each type of award in an amount that does not exceed the amount of such type that was granted in 2004 shall be conclusively deemed consistent with past practice), and implementation of a long-term incentive program for the 2006 2008 cycle with target amounts and terms consistent with those of Maytag's performance incentive award plan and executive economic profit plan, each under Maytag's stock plans; and, provided, further, that between the date of the merger agreement and the closing date, Maytag and its affiliates may negotiate in good faith a settlement with applicable labor unions with respect to grievances concerning the freezing of the employee discount stock option plan, and provide compensation to the extent determined in good faith to be necessary to facilitate such a settlement;

make any change in accounting methods, principles, or practices materially affecting Maytag, except insofar as may have been required by a change in the generally accepted accounting principles;

sell, lease (as lessor), license, or otherwise dispose of or subject to any lien any material properties or assets, except (x) pursuant to contracts or agreements in effect as of August 10, 2005, (y) sales of assets in the ordinary course of business consistent with past practice, or (z) sales of assets or properties in the commercial appliance segment; provided, in the case of clause (z), that such sale, lease, license, or other disposition or subjection of lien (1) is not consummated prior to the first anniversary of the date of the merger agreement, (2) any agreement for such sale is terminable if the effective time of the merger agreement occurs prior to the first anniversary of the date of the merger agreement and (3) includes only the Dixie-Narco® and/or Jade® brands (solely with respect to such segment);

incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, subject to certain exceptions;

make or agree to make any capital expenditures other than those capital expenditures in an amount not in excess of $200 million in the aggregate (including expenditures pursuant to the sixth item on this list) and taken together with all such expenditures made since January 1, 2005;

make or change any material tax election or settle or compromise any material tax liability or refund, other than in the ordinary course of business consistent with past practice or as required by law;

(A) pay, discharge, or satisfy any claims, liabilities, or obligations, other than the payment, discharge, or satisfaction, in the ordinary course consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements of Maytag included in the documents filed by Maytag with the Securities and Exchange Commission prior to the date of the merger agreement or incurred in the ordinary course of business consistent with past practice, (B) cancel any material indebtedness or waive any claims or rights of substantial value or (C) waive the benefits of, or agree to modify in any manner, any confidentiality or similar agreement (excluding any standstill provision in any such agreement) to which Maytag or any of its subsidiaries is a party;

permit any insurance policy or arrangement naming or providing for it as a beneficiary or a loss payable payee to be cancelled or terminated (unless such policy or arrangement is cancelled or terminated in the ordinary course of business and concurrently replaced with a policy or arrangement with substantially similar coverage) or materially impaired;

make any contributions to the US Pension Plan, except for (x) contributions of up to $70 million from and after August 10, 2005 through December 31, 2005, (y) contributions of up to $100 million during the 2006 calendar year, and (z) with the consent of Whirlpool (not to be unreasonably withheld), additional contributions of up to $100 million during the 2006 calendar year;

enter into any material agreement that is not terminable by Maytag or a Maytag subsidiary, without penalty, within one year from the date of entering into any such agreement;

renew, extend, or amend any material agreement if doing so would cause such agreement to not be terminable by Maytag or a Maytag subsidiary, without penalty, within one year from the date of entering into any such renewal, extension or amendment; or

authorize any of, or commit or agree to take any of, the foregoing actions.

The agreements related to the conduct of Maytag's business in the merger agreement are complicated and not easily summarized. You are urged to carefully read the sections in the merger agreement under the heading "Covenants Relating to Conduct of Business."

Conduct of the Business by Whirlpool

Except for matters previously disclosed or otherwise expressly permitted by the merger agreement, from the date of the merger agreement to the effective time of the merger, Whirlpool will, and will cause each of its subsidiaries to, conduct its business in the ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use commercially reasonable best efforts to preserve intact its current business organization, keep available the services of its current officers and employees and keep its relationships with customers, suppliers, licensors, licensees, distributors, and others having business dealings with them.

In addition, and without limiting the generality of the foregoing, except for matters previously disclosed or as otherwise expressly permitted by the merger agreement, from the date of the merger agreement to the effective time of the merger, Whirlpool will not, and will not permit any of its subsidiaries to, do any of the following without the prior written consent of Maytag:

declare, set aside or pay any dividends on, or make any other distributions in respect of (in each case, whether in cash, stock or property), any of its capital stock, other than (1) dividends and distributions by a direct or indirect wholly owned Whirlpool subsidiary to its parent, (2) regular

quarterly cash dividends with respect to the Whirlpool common stock, with usual declaration, record and payment dates, or (3) any distribution of stock or property for which adjustment is made to provide the Maytag stockholders the same economic effect contemplated by the parties in the merger agreement (see the section entitled " Merger Consideration" beginning on page 85 of this proxy statement/prospectus);

adopt or propose any change in its certificate of incorporation or by-laws or other comparable organizational documents in a manner that would adversely affect the economic benefits of the merger or the other transactions to Maytag's stockholders;

engage in any merger, consolidation, share exchange, business combination, reorganization, recapitalization, or other similar transaction, unless Whirlpool is the surviving or resulting corporation, the shareholders of Whirlpool prior to such transaction own, directly or indirectly, a majority of the voting common equity interests in the surviving or resulting corporation, and such voting common equity interests are publicly traded;

take any action that would be reasonably likely to prevent, hinder, or delay the completion of the merger or the other transactions contemplated by the merger agreement; or

authorize any of, or commit or agree to take any of, the foregoing actions.

No Solicitation by Maytag

The merger agreement provides that Maytag will not, and will not authorize or permit any Maytag subsidiary to, and Maytag will direct and use its reasonable best efforts to cause any officer, director, or employee of Maytag, or any investment banker, attorney, or other advisor or representative of Maytag or any of its subsidiaries not to:

directly or indirectly solicit, initiate, or encourage the submission of any company takeover proposal;

enter into any agreement with respect to any company takeover proposal;

directly or indirectly participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or knowingly take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, a company takeover proposal, whether made before or after the date of the merger agreement.

However, Maytag may (a) furnish information with respect to Maytag and its subsidiaries to a person making a company takeover proposal pursuant to a customary confidentiality agreement on terms no less restrictive than the confidentiality agreement with Whirlpool (excluding standstill provisions), and (b) participate in discussions or negotiations with such person if:

Maytag receives an unsolicited company takeover proposal that does not result from a violation of the no solicitation provisions;

the Maytag board of directors determines in good faith, after consultation with outside counsel and financial advisors, that such company takeover proposal may reasonably be expected to lead to a transaction more favorable from a financial point of view to Maytag's stockholders than the transaction with Whirlpool and that is reasonably capable of being completed;

Maytag has promptly advised Whirlpool of the identity of the bidder and the material terms of the proposal and keeps Whirlpool reasonably informed of the status of the proposal; and

Maytag has made available to Whirlpool the same non-public information being furnished to the bidder, other than competitively sensitive information.

A "company takeover proposal" means (a) any proposal or offer for a merger, consolidation, dissolution, recapitalization, or other business combination involving Maytag, (b) any proposal for the issuance by Maytag of over 20% of its equity securities as consideration for the assets or securities of another person, or (c) any proposal or offer to acquire over 20% of the equity securities or consolidated total assets of Maytag, in each case other than the merger contemplated by the merger agreement.

A "superior company proposal" means any proposal made by a third party to acquire all or substantially all the equity securities or assets of Maytag, pursuant to a tender or exchange offer, a merger, a consolidation, a liquidation or dissolution, a recapitalization, a sale of all or substantially all its assets or otherwise, (i) on terms which the board of directors of Maytag determines in good faith, after consultation with Maytag's outside legal counsel and financial advisors, to be more favorable from a financial point of view to the holders of Maytag common stock than the merger, taking into account all the terms and conditions of such proposal, and the merger agreement (including any proposal by Whirlpool to amend the terms of the merger agreement and the merger) and (ii) that is reasonably capable of being completed, taking into account all financial, regulatory, legal, and other aspects of such proposal; provided that the board of directors of Maytag does not so determine that any such proposal is a superior company proposal prior to the time that is 48 hours after the time at which Maytag has promptly advised Whirlpool of the identity of the bidder and the material terms of the proposal and keeps Whirlpool reasonably informed of the status of the proposal.

The Maytag board of directors (or any committee of the board) may not (a) withdraw or modify, or publicly propose to do so, in a manner adverse to Whirlpool or Whirlpool Acquisition, its approval or recommendation of the merger agreement or the merger, (b) approve any letter of intent, agreement in principle, acquisition agreement or similar agreement relating to any company takeover proposal, or (c) approve or recommend, or publicly propose to do so, any company takeover proposal. Notwithstanding the foregoing, if, prior to the adoption of the merger agreement by holders of a majority of the outstanding shares of Maytag common stock, the Maytag board of directors determines in good faith, after consultation with outside counsel, that failure to so withdraw or modify its recommendation of the merger and the merger agreement would be inconsistent with the Maytag board of directors' exercise of its fiduciary duties, the Maytag board of directors (or any committee of the board) may withdraw or modify its recommendation of the merger and the merger agreement.

Employee Matters

Whirlpool has agreed that from the effective time of the merger through December 31, 2006, it will, or will cause the surviving corporation to, provide compensation and employee benefits that, taken as a whole, are comparable in the aggregate to those in effect immediately prior to the effective time of the merger. (Modifications to the employee benefit plans that have been announced to participants or planned and otherwise disclosed to Whirlpool but not yet implemented as of the effective time of the merger will be taken into account for purposes of the foregoing.) Whirlpool has also agreed that, with respect to service through December 31, 2006, it will, or will cause the surviving corporation to, maintain the employer matching contribution component of the Maytag salary savings plan without reduction. Nothing in the merger agreement prevents Whirlpool or the surviving corporation from amending or terminating any employee benefit plan in accordance with the terms thereof and with applicable law, so long as they comply with the requirements of the merger agreement. Maytag and Whirlpool have agreed that the completion of the merger will constitute a change of control under Maytag's employee benefit plans and agreements.

Whirlpool has agreed that from and after the effective time of the merger, it will, and will cause the surviving corporation to, honor in accordance with their respective terms (as in effect on August 10, 2005), Maytag's employee benefit plans and employee benefit agreements (subject, in each case, to the right of Whirlpool or the surviving corporation to amend or terminate any employee benefit plan or

employee benefit agreement in accordance with the terms thereof and with applicable law). For purposes of eligibility, vesting, and benefit accrual (other than benefit accrual under defined benefit pension plans) under the employee benefit plans of Whirlpool and its subsidiaries providing benefits after the effective time of the merger to any employee of Maytag or any of its subsidiaries immediately prior to the effective time of the merger (all such plans, collectively, the "New Plans"), each such employee will be credited with all years of service for which such employee was credited before the effective time of the merger under any comparable employee benefit plans, except where such crediting would lead to a duplication of benefits or to the extent such service credit is not provided under a newly adopted plan to similarly situated employees of Whirlpool who were never employees of Maytag and its affiliates.

Whirlpool has agreed to use its commercially reasonable efforts to cause each employee of Maytag or any of its subsidiaries immediately prior to the effective time of the merger to be immediately eligible to participate, without any waiting period, in any and all New Plans to the extent coverage under any such New Plan replaces coverage under a comparable employee benefit plan in which such employee participated immediately prior to the effective time of the merger (all such plans, collectively, the "Old Plans"). For purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any such employee, Whirlpool has agreed to use its commercially reasonable efforts to cause all pre-existing condition exclusions, limitations and actively at-work requirements of such New Plan to be waived for such employee and his or her covered dependent (to the extent such exclusions, limitations, and actively-at-work requirements were waived or satisfied as of the effective time of the merger under the corresponding Old Plan). All deductibles, coinsurance, and maximum out-of-pocket expenses incurred by such employee and his or her covered dependents under any Old Plan during the portion of the plan year of such Old Plan ending on the date such employee's participation in the corresponding New Plan begins will be taken into account under such New Plan for purposes of satisfying all deductible, co-insurance, and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

The merger agreement authorizes Maytag to provide up to the retention amount (as defined below) in retention awards to key employees of Maytag and its subsidiaries to retain their services through the merger, provided that none of the retention awards may be made to Maytag's executive officers or to certain other specified members of Maytag's senior management. The chief executive officer of Maytag will determine in his sole discretion, subject to approval by (i) the board of directors of Maytag (or its compensation committee) and (ii) Whirlpool (whose approval may not be unreasonably withheld) the employees eligible to receive retention awards (who will not include certain executives of Maytag, including named executive officers), the amounts of the retention awards, individually and in the aggregate, and any criteria for payment of the retention awards. Any retention bonus will be intended to retain the services of the recipient through, and will be payable (if such recipient still remains employed by Maytag and Maytag's subsidiaries at such time) as soon as practicable following (but in no event more than 30 days following) the first to occur of (x) the 90th day following the closing date or (y) if the merger agreement is terminated, the date of such termination (such first to occur, the "vesting date"); provided that such retention bonus is payable in the event that the applicable recipient's employment has been terminated (i) prior to the closing date without cause by mutual agreement of Whirlpool and Maytag, (ii) following the closing date but prior to the date of payment of retention bonuses without cause (or by the applicable recipient in a termination otherwise entitling such recipient to severance), or (iii) due to death or long-term disability. In the event the merger agreement is terminated by mutual agreement, by either party for failure to close by December 31, 2006, if a governmental entity enjoins the merger or if Maytag's stockholders do not approve the merger, or by Maytag for a breach of the merger agreement by Whirlpool, Whirlpool is solely responsible for making payments of retention bonuses, and will indemnify and hold harmless Maytag and its affiliates in connection with such bonuses. For purposes of the merger agreement, the

retention amount will equal the product of (x) $15,000,000 times (y) a fraction, the numerator of which is the number of days from August 22, 2005 through the earlier to occur of the vesting date or the closing day and the denominator of which is the number of days from August 22, 2005 through December 31, 2006.

If the closing occurs prior to the payment of annual bonuses for the 2005 calendar year, the merger agreement requires Whirlpool to continue Maytag's annual bonus program and to pay employees the bonus amounts due under such 2005 bonus plans pursuant to the objective formulae set forth therein (including formulae approved thereunder by Maytag or its board of directors, or a committee thereof, prior to August 10, 2005, and previously provided to Whirlpool), based on the performance of Maytag and its operating units, without adjusting such total for individual performance. If the effective date has not occurred prior to or on December 31, 2005, Maytag may establish annual bonus plans for the 2006 calendar year on terms consistent with past practice. If the effective date occurs during the 2006 calendar year, (x) Whirlpool will pay, as soon as practicable following the effective time of the merger agreement, prorated bonuses (prorated to the effective time of the merger agreement) to Maytag employees who were employed as of the effective time of the merger agreement, assuming for purposes of such prorated bonuses that all performance measures relevant to the determination of bonuses under such 2006 bonus plans will be deemed to have been met for the period beginning on January 1, 2006 and ending on the closing date, and (y) Whirlpool will implement a bonus plan for purposes of bonuses for Maytag employees for the balance of the 2006 calendar year. Maytag performance in respect of calculations to be made under the 2005 bonus plans and 2006 bonus plans will be calculated without taking into account any expenses or costs related to or arising out of the transactions contemplated by the merger agreement or any non-recurring charges that would not reasonably be expected to have been incurred had the transactions contemplated by the merger agreement not occurred.

From the effective time of the merger through December 31, 2006, (i) employees below the level of director will continue to participate in the Maytag separation pay and benefits plan, (ii) employees at the levels of director and above will be eligible for severance benefits pursuant to a new plan based upon Maytag's historic severance practices for employees at those levels, and (iii) none of the Maytag separation pay and benefits plan, the Maytag separation of employment plan or the new plan for employees at the levels of director and above may be amended in any manner adverse to the employees.

The merger agreement provides that, as soon as practicable following the date of the merger agreement, Maytag's board of directors (or a committee thereof) will adopt such resolutions or take such other actions as may be required to provide that with respect to Maytag's Employee Stock Purchase Plan, a purchase period will not commence after the date of the merger agreement.

Indemnification

Whirlpool has agreed that, to the fullest extent permitted by law, it will cause the surviving corporation to honor all of Maytag's obligations to indemnify the current and former directors or officers of Maytag for acts or omissions by such directors and officers occurring prior to the effective time of the merger to the extent that such obligations of Maytag exist on the date of the merger agreement, whether pursuant to Maytag's certificate of incorporation, bylaws, or individual indemnity agreements, and such obligations will survive the merger and will continue in full force and effect in accordance with the terms of Maytag's certificate of incorporation, bylaws, and such individual indemnity agreements from the effective time of the merger until the expiration of the applicable statute of limitations with respect to any claims against such directors or officers arising out of such acts or omissions.

The merger agreement requires that, for a period of six years after the effective time of the merger, Whirlpool will maintain in effect the current policies of directors' and officers' liability insurance maintained by Maytag or obtain policies of at least the same coverage with reputable and financially sound carriers, provided that Whirlpool or the surviving corporation is not required to pay an annual premium in excess of 300% of the last annual premium paid by Maytag as of the date of the merger agreement.

Reasonable Best Efforts

Whirlpool and Maytag have agreed to use their reasonable best efforts to take or cause to be taken, all actions necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the merger and the other transactions contemplated by the merger agreement, including:

(a) the obtaining of all necessary actions or nonactions, waivers, consents, and approvals from governmental entities, the making of all necessary registrations and filings (including filings with governmental entities, if any), and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity;

(b) the obtaining of all necessary consents or waivers from third parties;

(c) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the transactions contemplated by the merger agreement, including seeking to have vacated or reversed any decree, order or judgment entered by any court or other governmental entity that would restrain, prevent, or delay the closing of the merger; and

(d) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by the merger agreement and to fully carry out the purposes of the merger agreement.

Cooperation on Regulatory Matters

Subject to applicable law relating to the exchange of information, Maytag and Whirlpool and their respective counsel will (i) have the right to review in advance, and to the extent practicable each will consult the other on, any filing made with, or written materials to be submitted to, any governmental entity in connection with the merger and the other transactions, (ii) promptly inform each other of any communication (or other correspondence or memoranda) received from, or given to, the U.S. Department of Justice, the U.S. Federal Trade Commission, or any other governmental antitrust entity and (iii) furnish each other with copies of all correspondence, filings, and written communications between them or their subsidiaries or affiliates, on the one hand, and any governmental entity or its respective staff, on the other hand, with respect to the merger agreement and the merger. Maytag and Whirlpool will, to the extent practicable, provide the other party and its counsel with advance notice of and the opportunity to participate in any discussion, telephone call, or meeting with any governmental entity in respect of any filing, investigation, or other inquiry in connection with the merger or the other transactions and to participate in the preparation for such discussion, telephone call, or meeting. Maytag and Whirlpool may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other as "Antitrust Counsel Only Material" (as defined in the Confidentiality Agreement). Notwithstanding anything to the contrary in the merger agreement, materials provided to the other party or its counsel may be redacted to remove references concerning the valuation of Maytag and its subsidiaries.

Without limiting the generality of the undertakings described in this section and the section entitled " Covenants Reasonable Best Efforts" beginning on page 97 of this proxy statement/prospectus, the parties will provide or cause to be provided as promptly as practicable to governmental entities with regulatory jurisdiction over enforcement of any applicable federal, state, local, or foreign antitrust, competition, premerger notification or trade regulation law, regulation or order information and documents requested by any governmental antitrust entity or necessary, proper or advisable to permit consummation of the transactions, including preparing and filing any notification and report form and related material required under the HSR Act and any additional consents and filings under any antitrust laws as promptly as practicable following the date of the merger agreement and thereafter to respond as promptly as practicable to any request for additional information or documentary material that may be made under the HSR Act and any additional consents and filings under any antitrust laws; (ii) the parties will use their best efforts to take such actions as are necessary or advisable to obtain prompt approval of consummation of the transactions by any governmental antitrust entity; and (iii) the parties will use their best efforts to resolve any objections and challenges, including by contest through litigation on the merits, negotiation or other action, that may be asserted by any governmental antitrust entity with respect to the transaction contemplated by the merger agreement under the HSR Act and any other antitrust laws.

Notwithstanding anything in the merger agreement to the contrary, in no event will Whirlpool or Whirlpool Acquisition be obligated to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, to accept any operational restriction, or take any other action that, in the reasonable judgment of Whirlpool, could be expected to limit the right of Whirlpool or the surviving corporation to own or operate all or any portion of their respective businesses or assets. With regard to any governmental antitrust entity, neither Maytag nor any Maytag subsidiary (or any of their respective affiliates) will, without Whirlpool's prior written consent in Whirlpool's sole discretion, discuss or commit to any divestiture transaction, or discuss or commit to alter their businesses or commercial practices in any way, or otherwise take or commit to take any action that limits Whirlpool's freedom of action with respect to, or Whirlpool's ability to retain any of the businesses, product lines, or assets of, the surviving corporation, or otherwise receive the full benefits of the merger agreement.

Other Covenants

Under the merger agreement, the Maytag board of directors has agreed, subject to its fiduciary duties, to recommend that Maytag's stockholders vote to adopt the merger agreement. If the Maytag board modifies or withdraws its recommendation, Maytag is still obligated to call and hold the special meeting to vote on the adoption of the merger agreement, unless the merger agreement is terminated for a superior company proposal.

Maytag must promptly advise Whirlpool orally and in writing of any event, change, effect, development, condition, or occurrence that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on Maytag.

Maytag must give prompt notice to Whirlpool, and Whirlpool or Whirlpool Acquisition must give prompt notice to Maytag, of (i) any representation or warranty made by it contained in the merger agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified becoming untrue or inaccurate in any material respect or (ii) the failure by it to comply with or satisfy in any material respect any covenant, condition, or agreement to be complied with or satisfied by it under the merger agreement; provided, however, that no such notification will affect the representations, warranties, covenants, or agreements of the parties or the conditions to the obligations of the parties under the merger agreement.

Maytag must give Whirlpool the opportunity to participate in the defense or settlement of any stockholder litigations against Maytag and its directors relating to the merger and the other transactions contemplated by the merger agreement; provided that no such settlement may be agreed to without Whirlpool's consent, which consent shall not be unreasonably withheld.

Whirlpool must use its reasonable best efforts to cause the shares of Whirlpool common stock to be issued in connection with the merger and the shares of Whirlpool common stock to be reserved for issuance upon exercise of Maytag stock options to be approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Not less than 45 days prior to the effective time of the merger, Maytag (i) must deliver to Whirlpool a letter identifying all persons who, in Maytag's opinion, may be, as of the effective time of the merger, its "affiliates" for purposes of Rule 145 under the Securities Act, and (ii) must use its reasonable best efforts to cause each person who is identified as an "affiliate" of it in such letter to deliver to Whirlpool, as promptly as practicable but in no event later than 30 days prior to the effective time of the merger, a signed agreement reasonably acceptable to both Whirlpool and Maytag (an "Affiliate Agreement"). Maytag must notify Whirlpool from time to time after the delivery of the letter described above of any person not identified on such letter who then is, or may be, such an "affiliate" and use its reasonable best efforts to cause each additional person who is identified as an "affiliate" to execute an Affiliate Agreement. Neither Whirlpool nor Maytag will register, or allow its transfer agent to register, on its books, any transfer of any shares of Whirlpool common stock or Maytag common stock of any affiliate of Maytag who has not provided an executed Affiliate Agreement unless the transfer is made in compliance with the foregoing. For one year following the closing, Whirlpool must continue to make available such adequate current public information as will satisfy the conditions set forth in Rule 144(c) of the Securities Act.

Conditions to the Merger

Conditions to Each Party's Obligations to Effect the Merger

The obligations of Maytag, Whirlpool, and Whirlpool Acquisition to complete the merger are subject to the satisfaction of the following conditions:

adoption of the merger agreement by holders of a majority of the outstanding shares of Maytag common stock;

any applicable waiting period (or any extension) under the HSR Act has been terminated or has expired;

any consents and filings required to be made prior to the closing of the merger under any antitrust laws, the absence of which would reasonably be expected to have a material adverse effect on Maytag or Whirlpool or result in a criminal violation, have been obtained or made;

no restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the completion of the merger is in effect; provided that prior to asserting this condition, and subject to the limitations on each parties' obligations described in the sections entitled " Reasonable Best Efforts" and " Cooperation on Regulatory Matters" beginning on page 97 of this proxy statement/prospectus, the asserting party has used its reasonable best efforts or best efforts, as applicable, in a manner consistent with the merger agreement, including the provisions described in these respective sections to prevent the entry of any such injunction or other order and to appeal as promptly as possible any such judgment that may be entered;

the declaration of effectiveness of the registration statement of which this document is a part by the Securities and Exchange Commission and the absence of any stop order or proceeding seeking a stop order; and

the shares of Whirlpool common stock to be issued in connection with the merger and the shares of Whirlpool common stock to be reserved for issuance upon exercise of Maytag stock

options have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Conditions to Obligations of Whirlpool and Whirlpool Acquisition

In addition, the obligations of Whirlpool and Whirlpool Acquisition to complete the merger are subject to the satisfaction or waiver by each of them of the following conditions:

Maytag's representations and warranties that are qualified by material adverse effect are true and correct, and those not so qualified are true and correct except for such failures to be true and correct as would not reasonably be expected to have a material adverse effect on Maytag (other than the third, fourth, fifth and last items on the list of Maytag's representations and warranties set forth in the section entitled " Representations and Warranties" beginning on page 87 of this proxy statement/prospectus, which must be true and correct in all material respects), as of the date of the merger agreement and as of the closing date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to material adverse effect on Maytag will be true and correct, and those not so qualified will be true and correct except for such failures to be true and correct as would not reasonably be expected to have a material adverse effect on Maytag (other than the third, fourth, fifth and last items on the list of Maytag's representations and warranties set forth in the section entitled " Representations and Warranties" beginning on page 87 of this proxy statement/prospectus, which will be true and correct in all material respects), on and as of such earlier date);

Maytag has performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Whirlpool has received a certificate of Maytag, executed by its chief executive officer and chief financial officer, as to the satisfaction of the preceding two conditions; and

since the date of the merger agreement, except as previously disclosed, no event, change, effect, development, condition, or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on Maytag, has occurred.

Conditions to Obligations of Maytag

In addition, the obligations of Maytag to complete the merger are subject to the satisfaction or waiver by Maytag of the following conditions:

the representations and warranties of Whirlpool and Whirlpool Acquisition that are qualified by material adverse effect are true and correct, and those not so qualified are true and correct except for such failures to be true and correct as would not reasonably be expected to have a material adverse effect on Whirlpool (other than the second and fourth items on the list of Whirlpool's representations and warranties set forth in the section entitled " Representations and Warranties" beginning on page 87 of this proxy statement/prospectus, which must be true and correct in all material respects), as of the date of the merger agreement and as of the closing date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to material adverse effect on Whirlpool will be true and correct, and those not so qualified will be true and correct except for such failures to be true and correct as would not reasonably be expected to have a material adverse effect on Whirlpool (other than the second and fourth items on the list of Whirlpool and Whirlpool Acquisition's representations and warranties set forth in the section entitled " Representations and Warranties" beginning on page 87 of this proxy statement/

prospectus, which will be true and correct in all material respects), on and as of such earlier date);

Whirlpool and Whirlpool Acquisition have performed in all material respects all obligations required to be performed by them under the merger agreement at or prior to the closing date of the merger;

Maytag has received a certificate of Whirlpool, executed by an executive officer of Whirlpool, as to the satisfaction of the preceding two conditions; and

since the date of the merger agreement, except as previously disclosed, no event, change, effect, development, condition, or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on Whirlpool, has occurred.

In the event of a waiver of a material condition, Maytag intends to resolicit stockholder approval for adoption of the merger agreement to the extent required by applicable law.

Termination

The merger agreement may be terminated at any time prior to the effective time of the merger (notwithstanding any adoption of the merger agreement by the stockholders of Maytag):

(a) by the mutual written consent of Whirlpool, Whirlpool Acquisition, and Maytag;

(b) by Whirlpool or Maytag,

(i) if the merger is not consummated on or before December 31, 2006, referred to as the outside date, unless the failure to consummate the merger is the result of a willful and material breach of the merger agreement by the party seeking to terminate the merger agreement;

(ii) if any governmental entity issues an order, decree, or ruling, or takes any other action permanently enjoining, restraining, or otherwise prohibiting the merger (A) as violative of any antitrust law or (B) for any other reason, and, in either case, such order, decree, ruling, or other action has become final and non-appealable; or

(iii) if Maytag stockholder approval was not obtained at the Maytag stockholder meeting;

(c) by Whirlpool, if Maytag has breached or failed to perform in any material respect any of its representations, warranties, or covenants, which breach or failure to perform

(i) would give rise to a failure of a condition to Whirlpool's obligation to close, and

(ii) cannot be or has not been cured by the outside date (provided that neither Whirlpool nor Whirlpool Acquisition is then in willful and material breach of any representation, warranty, or covenant contained in the merger agreement);

(d) by Whirlpool:

(i)

if the Maytag board (or any board committee) has (A) withdrawn or modified, in a manner adverse to Whirlpool or Whirlpool Acquisition, or has publicly proposed to withdraw or modify, in a manner adverse to Whirlpool or Whirlpool Acquisition, its approval or recommendation of the merger agreement or the merger, (B) failed to recommend to Maytag's stockholders that they adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, or

(C) approved or recommended, or publicly proposed to approve or recommend, any company takeover proposal; or

(ii) if Maytag gives Whirlpool the notification contemplated by clause (e)(iii) below;

(e) by Maytag prior to receipt of Maytag stockholder approval, only if (i) the Maytag board of directors has received a superior company proposal (as defined in the section entitled " Covenants No Solicitation by Maytag" beginning on page 93 of this proxy statement/prospectus), (ii) in light of such superior company proposal a majority of the disinterested directors of Maytag have determined in good faith, after consultation with outside counsel, that the failure to withdraw or modify its recommendation of the merger and the merger agreement would be inconsistent with the Maytag board of directors' exercise of its fiduciary duty under applicable law, (iii) Maytag has notified Whirlpool in writing of the determinations described in clause (ii) above, (iv) at least five business days following receipt by Whirlpool of the notice referred to in clause (iii) above, and taking into account any revised proposal made by Whirlpool since receipt of the notice referred to in clause (iii) above, such superior company proposal remains a superior company proposal and a majority of the disinterested directors of Maytag has again made the determinations referred to in clause (ii) above, (v) Maytag is in compliance, in all material respects, with the provisions of the merger agreement, described in the section entitled " Covenants No Solicitation by Maytag" beginning on page 93 of this proxy statement/prospectus, (vi) Maytag has previously paid the fee and reimbursement due, as applicable, described in the section entitled " Termination Fees and Reimbursement Obligations" below, (vii) the Maytag board of directors concurrently approves, and Maytag concurrently enters into, a definitive agreement providing for the implementation of such superior company proposal, and (viii) Whirlpool is not at such time entitled to terminate the merger agreement pursuant to clause (c) above (assuming for purposes of this clause (viii) that the outside date is the date of termination of the merger agreement by Maytag except where the applicable breach or failure to perform is not willful and material and is capable of being cured prior to the outside date); or

(f) by Maytag, if Whirlpool or Whirlpool Acquisition has breached or failed to perform in any material respect any of its representations, warranties, or covenants, which breach or failure to perform (a) would give rise to a failure of a condition to Maytag's obligation to close, and (b) cannot be or has not been cured by the outside date (provided that Maytag is not then in willful and material breach of any representation, warranty, or covenant contained in the merger agreement).

Termination Fees and Reimbursement Obligations

Termination Fees and Reimbursement Obligations Payable by Maytag

The merger agreement obligates Maytag to (i) pay a fee to Whirlpool equal to $60 million and (ii) reimburse Whirlpool for its payment to Maytag of $40 million in connection with Maytag's termination of the Triton agreement if:

(a) Whirlpool terminates the merger agreement for any of the reasons described in clause (d) of the section entitled " Termination" above;

(b) After the date of the merger agreement and prior to the termination of the merger agreement,

(i) any person makes a proposal (A) for a merger, consolidation, dissolution, recapitalization, or other business combination involving Maytag, (B) for the issuance by Maytag of over

40% of its equity securities as consideration for the assets or securities of another person, or (C) to acquire over 40% of the equity securities or consolidated total assets of Maytag, or amends a proposal made prior to the date of the merger agreement;

(ii) the merger agreement is terminated by either Maytag or Whirlpool pursuant to clause (b)(i) of the section entitled " Termination" above (and prior to such termination Maytag has breached or failed to perform any of its covenants or agreements set forth in the merger agreement) or clause (b)(iii) of the section entitled " Termination" above (but only if a proposal described in clause (i) is publicly announced at or prior to the time of Maytag stockholders meeting) or by Whirlpool pursuant to clause (c) of the section entitled " Termination" above; and

(iii) within 12 months after the date of such termination, Maytag enters into a definitive agreement to consummate, or consummates, the transactions contemplated by a proposal described in clause (i).

(c) Maytag terminates the merger agreement pursuant to clause (e) of the section entitled " Termination" above in connection with its receipt of a superior company proposal.

Maytag must (i) pay to Whirlpool a fee of $60 million if Whirlpool terminates the merger agreement pursuant to clause (c) of the section entitled " Termination" above by reason of Maytag knowingly breaching its obligations described in the section entitled " Covenants No Solicitation by Maytag" beginning on page 93 of this proxy statement/prospectus (unless such breach has only an immaterial effect on Whirlpool) and (ii) in such event, if the circumstance described in clause (b)(iii) of the immediately preceding paragraph occurs, also reimburse Whirlpool for its payment to Maytag of $40 million in connection with Maytag's termination of the Triton agreement.

Maytag must pay the termination amounts on the date of termination of the merger agreement, except that in the case of a termination described in either clause (b) of the second preceding paragraph above or clause (ii) of the preceding paragraph, such payment must be made on the date of execution of a definitive agreement or, if earlier, consummation of such transaction and in the case of a termination described in the preceding paragraph, such payment must be made on or before the fifth business day following such termination.

Any termination amount not paid when due will bear interest at the prime rate of JP Morgan Chase Bank in effect on the date the payment of the termination and/or reimbursement amount was required to be made.

Termination Fees Payable by Whirlpool

In the event that either Maytag or Whirlpool is entitled to terminate, and terminates, the merger agreement in application of clause (b)(i) or clause (b)(ii)(A) of the section entitled " Termination" above and at the time of such termination (i) all of the conditions to Whirlpool's and Whirlpool Acquisition's obligations to complete the merger set forth in the section entitled " Conditions to the Merger *Conditions to Obligations of Whirlpool and Whirlpool Acquisition*" beginning on page 100 of this proxy statement/prospectus have been satisfied or waived (other than the delivery of certificates and provided that the term "closing date" will in any of such conditions be deemed to refer to the date of such termination), (ii) neither Maytag nor Whirlpool is entitled to terminate the merger agreement pursuant to the provision contained in clause (b)(ii)(B) of the section entitled " Termination" above, and (iii) if a vote to obtain Maytag's stockholder approval has been taken at a Maytag stockholder meeting, Maytag's stockholder approval has been obtained, then Whirlpool must pay a termination fee equal to $120 million on or before the fifth business day following such termination.

In the event the merger agreement is terminated (A) by either party (i) by mutual written consent, (ii) for failure to consummate the merger by December 31, 2006, (iii) if a governmental entity enjoins the merger as violative of antitrust laws or for any other reason, and (iv) if Maytag's stockholders do not approve the merger or (B) by Maytag for a material breach of the merger agreement by Whirlpool, Whirlpool must indemnify Maytag for an amount up to $15 million (subject to certain adjustments described above) in connection with the payment of retention bonuses to specified Maytag employees. For an explanation of the adjustment mechanisms, please see the section entitled " Covenants Employee Matters" beginning on page 94 of this proxy statement/prospectus.

Other Expenses

Except as described above, all fees and expenses incurred in connection with the merger and the other transactions contemplated by the merger agreement will be paid by the party incurring such fees or expenses, whether or not the merger is consummated, except for (i) expenses incurred in connection with printing, mailing and filing this proxy statement/prospectus and (ii) all fees paid in respect of filings made by Maytag and Whirlpool pursuant to the HSR Act in connection with the merger, with the expenses and fees referred to in clauses (i) and (ii) to be borne by Whirlpool.

Amendment

The merger agreement may be amended in writing by the parties at any time before or after any adoption of the merger agreement by the Maytag stockholders, but after adoption of the merger agreement by the Maytag stockholder approval, no amendment may be made that by law requires further approval or adoption by the Maytag stockholders without the further approval or adoption of such stockholders.

COMPARISON OF RIGHTS
OF
STOCKHOLDERS OF WHIRLPOOL
AND
STOCKHOLDERS OF MAYTAG

This section of the proxy statement/prospectus describes certain differences between the rights of holders of Maytag common stock and the rights of holders of Whirlpool common stock. While Whirlpool and Maytag believe that the description covers the material differences between the two, this summary may not contain all of the information that is important to you. You should carefully read this entire document and refer to the other documents discussed below for a more complete understanding of the differences between being a stockholder of Maytag and being a stockholder of Whirlpool.

As a stockholder of Maytag, your rights are governed by Maytag's restated certificate of incorporation and its amended and restated bylaws, each as currently in effect. After completion of the merger, you will become a stockholder of Whirlpool. Whirlpool's common stock is quoted on the New York Stock Exchange under the symbol "WHR." As a Whirlpool stockholder, your rights will be governed by Whirlpool's restated certificate of incorporation, and Whirlpool's amended and restated bylaws. Both corporations are incorporated in Delaware.

WHIRLPOOL CORPORATION	MAYTAG CORPORATION
Board of Directors	
The Whirlpool bylaws provide that the number of directors which shall constitute the board of directors shall be not more than 15 nor less than 7. The Whirlpool certificate of incorporation provides that the board of directors shall be divided into three classes, with each class serving for a three-year period. Directors shall be elected at each annual meeting of stockholders and, if the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of authorized directors shorten the term of any incumbent director. The Whirlpool certificate indicates that the corporation's directors may be removed from office only for cause by the holders of a majority of the shares then entitled to vote at the election of directors.	The Maytag bylaws provide that the number of directors which shall constitute the board of directors may be fixed from time to time by a majority of the whole board but shall be no less than 3. The Maytag bylaws provide that the directors shall be elected for a one-year term at each annual meeting of stockholders. Delaware law permits any director or the entire board of directors to be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. The Maytag certificate and bylaws contain no provision regarding removal of directors.

Amendments to Bylaws and Articles

Delaware law requires a vote of the corporation's board of directors followed by the affirmative vote of a majority of the outstanding stock entitled to vote for any amendment to the certificate of incorporation, unless a greater level of approval, or a class vote, is required by the certificate of incorporation. Whirlpool's certificate of incorporation requires the affirmative vote of at least 80% of the holders of the common stock to amend certain provisions regarding directors, corporate powers, and procedures to amend the certificate of incorporation. Further, Delaware law states that if an amendment would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of shares of such class, or alter or change the powers, preferences, or special rights of a particular class or series of stock so as to affect them adversely, the class or series shall be given the power to vote as a class notwithstanding the absence of any specifically enumerated power in the certificate of incorporation. Delaware law also states that the power to adopt, amend, or repeal the bylaws of a corporation shall be in the stockholders entitled to vote, provided that the corporation in its certificate of incorporation may confer such power on the board of directors in addition to the stockholders. The Whirlpool certificate and bylaws expressly authorize the board of directors to alter Whirlpool's bylaws. The bylaws, whether or not adopted by the board of directors, may also be altered or repealed by an affirmative vote of at least 80% of the holders of the common stock.

Delaware law requires a vote of the corporation's board of directors followed by the affirmative vote of a majority of the outstanding stock entitled to vote for any amendment to the certificate of incorporation, unless a greater level of approval, or a class vote, is required by the certificate of incorporation. Maytag's certificate of incorporation requires the affirmative vote of the holders of (i) at least two-thirds of the common stock to amend certain provisions regarding directors, and (ii) at least 80% of the common stock to amend certain provisions regarding business combinations with an "interested shareholder" and certain of its affiliates and transferees. Further, Delaware law states that if an amendment would increase or decrease the aggregate number of authorized shares of a class, increase or decrease the par value of shares of such class, or alter or change the powers, preferences, or special rights of a particular class or series of stock so as to affect them adversely, the class or series shall be given the power to vote as a class notwithstanding the absence of any specifically enumerated power in the certificate of incorporation. Delaware law also states that the power to adopt, amend, or repeal the bylaws of a corporation shall be in the stockholders entitled to vote, provided that the corporation in its certificate of incorporation may confer such power on the board of directors in addition to the stockholders. The Maytag certificate and bylaws expressly authorize the board of directors to make and alter the bylaws of Maytag. The Maytag bylaws require the affirmative vote of the holders of at least two-thirds of the common stock to amend or rescind certain provisions regarding special meetings, directors and vacancies in the board, and newly created directorships.

Stockholder Rights Plan

One "preferred stock purchase right" is outstanding for each share of common stock. The rights expire on May 22, 2008. The board of directors may extend the term of the rights without stockholder consent. The rights will become exercisable after an acquiring person has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding common stock or 10 business days after the commencement, or public disclosure of, an intention to commence, a tender offer or exchange offer by a person that could result in beneficial ownership of 15% or more of the outstanding common stock. Each right entitles the holder to purchase from the corporation one one-thousandth of a share of a "junior participating preferred stock", Series B, par value $1.00 per share, of the corporation at a price of $300 per one one-thousandth of a preferred share subject to adjustment.

In the event the corporation is acquired in a merger or 50% or more of its consolidated assets or earnings power are sold, each right entitles the holder to purchase common stock of either the surviving or acquired company at one-half its market price (unless the board elects to exempt such transaction).

One "right" is outstanding for each share of common stock. The rights expire on December 31, 2005. The board of directors may extend the term of the rights without stockholder consent. The rights will become exercisable if a person or group has acquired 20% (which may be reduced to not less than 10% at the discretion of the board of directors) or more of the corporation's common stock. Each right entitles the holder to purchase one one-hundredth of a share of preferred stock of the corporation at a price of $165. The preferred shares will be entitled to 100 times the aggregate per share dividend payable on the corporation's common stock and to 100 votes on all matters submitted to a vote of shareowners.

In the event the corporation is acquired in a merger or 50% or more of its consolidated assets or earnings power are sold, each right entitles the holder to purchase common stock of either the surviving or acquired company at one-half its market price (unless the board elects to exempt such transaction).

Control Share Acquisitions and Anti-Takeover Provisions

Certain provisions of Whirlpool's certificate and bylaws may make it more difficult to effect a change in control of Whirlpool and may discourage or deter a third party from attempting a takeover, including those (i) providing for the issuance of preferred stock in one or more series, with the powers, rights and preferences of such stock determined solely by the board of directors, (ii) providing that only the chairman or a vice chairman of the board of directors, the president, or a majority of the directors may call a special meeting of stockholders, (iii) providing for no action by written consent of stockholders, and (iv) requiring the affirmative vote of (x) not less than 80% of the outstanding voting stock and (y) the holders of at least a majority of the voting stock other than the voting stock of "substantial stockholder" in question for approval of any "business combination" between the corporation and such "substantial stockholder;"

Certain provisions of Maytag's certificate may make it more difficult to effect a change in control of Maytag and may discourage or deter a third party from attempting a takeover, including those (i) providing for the issuance of preferred stock in one or more series, with the powers, rights and preferences of such stock determined solely by the board of directors, (ii) providing that only the board of directors by a majority of the whole board may call a special meeting of stockholders, (iii) providing for no action by written consent of stockholders, and (iv) requiring the affirmative vote of not less than 80% of the total votes entitled to be cast in an election of directors for approval of any "business combination" between the corporation and "interested shareholder;" provided, however, that such additional voting requirement is not applicable if (1) the business combination was approved by a majority vote of the "continuing

provided, however, that such additional voting requirement is not applicable if (1) the business combination was approved by a majority vote of the "continuing directors" or (2) all of the following conditions are satisfied: (a) the cash or fair market value of the consideration to be received per share is not less than the higher of (i) the highest price per share paid by the substantial stockholder in acquiring any of its holdings of the corporation's stock, (ii) the highest fair market value per share of the corporation's stock at any time after the substantial stockholder became a substantial stockholder, or (iii) the highest preferential amount per share to which the holders of the corporation's stock are entitled in the event of any voluntary or involuntary liquidation of the corporation; (b) the consideration to be received by the holders of the corporation's stock shall be in cash or in the same form as the substantial stockholder has previously paid for such stock; (c) after such substantial stockholder has become a substantial stockholder and before the consummation of such business combination, except as approved by a majority of the continuing directors, (i) there shall have been no failure to declare and pay any full quarterly dividends on preferred stock, (ii) there shall have been (x) no reduction in the annual rate of dividends paid on common stock and (y) an increase in such annual rate of dividends as necessary to reflect any reclassification, recapitalization or any similar transaction which has the effect of reducing the number of outstanding shares of common stock, (iii) such substantial stockholder shall have not become the beneficial owner of any additional shares of voting stock except as part of the transaction which results in such substantial stockholder becoming a substantial stockholder, and (iv) such substantial stockholder shall not have caused any material change in the corporation's business or capital structure; and (d) after such substantial stockholder has become a substantial stockholder, such substantial stockholder shall not have received the benefit (except proportionately as a stockholder) of any loans, advances, guarantees or other financial assistance or any tax credits or any other tax advantages provided by the corporation. A "business combination" includes any merger or consolidation of the corporation with or into a

directors" or (2) all of the following conditions are satisfied: (a) the cash or fair market value of the consideration to be received per share is not less than the higher of (i) the highest price per share paid by the interested shareholder in the transaction in which it became an interested shareholder, or the highest per share market price of the stock of the corporation during the 2-year period immediately preceding the date of the public announcement of the proposed business combination (the "announcement date"), (ii) the higher of the fair market value of the corporation's stock on the announcement date or the date the interested shareholder became an interested shareholder (the "determination date"), (iii) the price determined pursuant to (ii) above, multiplied by the ratio of (x) the highest per share price paid by the interested shareholder during the 2-year period immediately preceding the announcement date to (y) the fair market value of the corporation's stock on the first day in such 2-year period upon which the interested shareholder acquired any shares of the corporation's stock, and (iv) the highest preferential amount to which the holders of the corporation's stock are entitled in the event of any liquidation of the corporation; (b) the consideration to be received by the holders of the corporation's stock shall be in cash or in the same form as the interested shareholder has previously paid for such stock; (c) after such interested shareholder has become an interested shareholder and before the consummation of such business combination, (i) except as approved by a majority of the continuing directors, there shall have been no failure to declare and pay any full quarterly dividends on preferred stock, (ii) there shall have been (x) no reduction in the annual rate of dividends paid on common stock, except as approved by a majority of the continuing directors, and (y) an increase in such annual rate of dividends as necessary to reflect any reclassification, recapitalization or any similar transaction which has the effect of reducing the number of outstanding shares of common stock, unless the failure to increase such annual rate is approved by a majority of the continuing directors, and (iii) such interested shareholder shall have not become the beneficial owner of any additional shares of voting stock except as part of

substantial stockholder, any sale, lease, exchange, transfer or other disposition of any assets of the corporation or of a subsidiary having an aggregate fair market value of $10,000,000 or more to or with any substantial stockholder or in which any substantial stockholder has an interest, the sale, issuance, transfer or other disposition of any securities of the corporation to any substantial stockholder, the adoption of any plan for the liquidation or the dissolution of the corporation proposed by or on behalf of a substantial stockholder, and any reclassification of securities, or recapitalization or any other transaction which has the effect of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary which is owned by a substantial stockholder. A "substantial stockholder" includes any person who is the beneficial owner of more than 10% of the voting power of the then outstanding voting stock, and any affiliate, assignee or successor of any such person. A "continuing director" includes any member of the corporation's board of directors who is unaffiliated with the substantial stockholder and was a member of the board prior to the time that the substantial stockholder became a substantial stockholder, and any successor of a continuing director who is unaffiliated with the substantial stockholder and is recommended to succeed by a majority of continuing directors then on the board.

the transaction which results in such interested shareholder becoming an interested shareholder; (d) after such interested shareholder has become an interested shareholder, such interested shareholder shall not have received the benefit (except proportionately as a shareholder) of any loans, advances, guarantees or other financial assistance provided by the corporation; and (e) a proxy statement describing the proposed business combination and satisfying the requirements of the Securities Exchange Act of 1934, as amended shall be mailed to public stockholders of the corporation at least 30 days prior to the consummation of such business combination; provided, however, that the requirements of (a) and (b) shall not apply to any class of voting stock (other than common stock) authorized after the adoption of the certificate of incorporation if the provision authorizing such class so provides and such provision has been approved by a majority of the continuing directors. A "business combination" includes (1) any merger or consolidation of the corporation with or into an interested shareholder, (2) any exchange for all outstanding shares of the corporation or any subsidiary or for any class of shares of either with an interested shareholder or an affiliate of an interested shareholder, (3) any sale, lease, exchange, transfer, or other disposition to or with an interested shareholder or an affiliate of an interested shareholder or an affiliate of an interested shareholder of assets of the corporation having an aggregate fair market value of 10% or more of the total assets of the corporation and its subsidiaries, (4) the issuance or transfer of any securities to an interested shareholder or an affiliate of an interested shareholder in exchange for cash and/or property having an aggregate fair market value of 10% or more of the total assets of the corporation and its subsidiaries, (5) the adoption of any plan for the liquidation or the dissolution of the corporation proposed by or on behalf of an interested shareholder or an affiliate of an interested shareholder, and (6) any reclassification of securities, recapitalization, or any other transaction which has the effect of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary which is owned by an interested shareholder or an affiliate of an interested

shareholder. An "interested shareholder" includes any person who is the beneficial owner of more than 10% of the voting power of the then outstanding voting stock, assignee, or successor of any such person, or any affiliate of the corporation who within the preceding two years was an interested shareholder. A "continuing director" includes any member of the corporation's board of directors who is unaffiliated with the interested shareholder and was a member of the board prior to the time that the interested shareholder became an interested shareholder, and any successor of a continuing director who is unaffiliated with the interested shareholder and is recommended to succeed by a majority of continuing directors then on the board.

Advance Notice Requirements of Stockholder Proposals

Whirlpool's bylaws provide that for a stockholder proposal to be properly made by a stockholder at an annual meeting, the stockholder must have given timely notice in writing, such business must be a proper matter for stockholder action under Delaware law, and the stockholder notice must set forth (a) a description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the stockholder proposing such business and any other stockholders known by such stockholder to be supporting such proposal, (c) the class and number of shares of the corporation's stock which are beneficially owned by the stockholder on the date of such notice, and (d) any financial interest of the stockholder in such proposal. The stockholder notice including proposal for a nomination of a director must set forth (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated, (b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or the persons specified in the notice, (c) a description of all arrangements between the stockholder and each nominee and any other person pursuant to which the nomination is to be

Maytag's bylaws provide that for a stockholder proposal, including a proposal for a nomination of a director, to be properly made by a stockholder at an annual meeting, the stockholder must have given timely notice in writing, such business must be a proper matter for stockholder action under Delaware law, and the stockholder notice must set forth (a) a description of each item of business to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and record address of the stockholder proposing to bring such item of business, (c) the class and number of shares of the corporation's stock which are beneficially owned by the stockholder on the record date (if such date shall then have been made publicly available) and as of the date of such stockholder notice, (d) all other information which would be required to be included in a proxy statement filed with the SEC, if with respect to any such item of business, such stockholder were a participant in a solicitation subject to Section 14 of the Securities Act. The stockholder notice including a proposal for a nomination of a director must set forth (a) the name and record address of the stockholder who intends to make the nomination, (b) the name, age, principal occupation or employment, business address and residence address of the person or persons to be nominated, (c) the class and number of shares of stock held of record, owned beneficially and

made by the stockholders, (d) such other information regarding each nominee as would be required to be included in a proxy statement filed pursuant to the applicable SEC rules, if the nominee were to be nominated by the board of directors, and (e) the consent of each nominee to serve as a director of the corporation if so elected. To be timely, a stockholder's notice must be delivered to the secretary of Whirlpool not later than 90 days in advance of the annual meeting of stockholders to be held on the third Tuesday in April. However, with respect to an annual meeting to be held on a day other than the third Tuesday in April, the stockholder notice must be delivered to the secretary of Whirlpool not later than the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders.

represented by Proxy by such stockholder and by the person or persons to be nominated as of the date of such notice, (d) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (e) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder, (f) such other information regarding each nominee as would be required to be included in a proxy statement filed pursuant to the applicable SEC rules, and (g) the consent of each nominee to serve as a director of the corporation if so elected. To be timely, a stockholder's notice must be delivered to the secretary at the principal executive offices of Maytag not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting. However, in the event that the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after the anniversary of the preceding year's annual meeting, then notice of a stockholder proposal must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

DESCRIPTION OF WHIRLPOOL CAPITAL STOCK

The following description of the capital stock of Whirlpool does not purport to be complete, and is subject, in all respects, to applicable Delaware law and to the provisions of Whirlpool's restated certificate of incorporation.

Whirlpool Common Stock

Whirlpool is authorized by Whirlpool's restated certificate of incorporation to issue 250,000,000 shares of common stock, par value $1.00 per share, of which 67,465,506 shares were issued and outstanding as of November 2, 2005.

Holders of shares of Whirlpool common stock are entitled to one vote per share on all matters to be voted on by stockholders. Whirlpool stockholders are not entitled to cumulate their votes in the election of directors. The holders of Whirlpool common stock are entitled to receive such dividends, if any, as may be declared by the Whirlpool board of directors in its discretion, out of funds legally available therefor. Subject to the rights of any preferred stock outstanding, upon liquidation or dissolution of Whirlpool, the holders of Whirlpool common stock are entitled to receive on a pro rata basis all assets remaining for distribution to stockholders. Shares of Whirlpool common stock do not have preemptive or other subscription or conversion rights and are not subject to any redemption or sinking fund provisions. All of the outstanding shares of Whirlpool common stock are, and the shares of Whirlpool common stock to be issued as described in this proxy statement/prospectus will be, fully paid and nonassessable.

Whirlpool Preferred Stock

Whirlpool is authorized by Whirlpool's restated certificate of incorporation to issue 10,000,000 shares of preferred stock, par value $1.00 per share. There are no shares of preferred stock issued or outstanding. The Whirlpool board is authorized to issue preferred stock in one or more series and to fix the voting rights, liquidation preferences, dividend rights, conversion rights, redemption rights and terms, including sinking fund provisions and certain other rights and preferences, of the preferred stock. The Whirlpool board of directors can, without shareholder approval, issue shares of such preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of Whirlpool common stock and may have the effect of delaying, deferring or preventing a change in control of Whirlpool.

Special Voting Rights

Whirlpool stockholders are entitled to certain "supermajority" voting rights as described above in the sections entitled "Comparison of Rights of Stockholders of Whirlpool and Stockholders of Maytag" beginning on page 105 of this proxy statement/prospectus.

Board of Directors

The board of directors of Whirlpool is divided into three classes as nearly equal in number as possible. Each class serves three years with the term of office of one class expiring at the annual meeting each year in successive years. This classification of directors may have the effect of delaying, deferring, or preventing a change in control of Whirlpool.

Transfer Agent and Registrar

The transfer agent and registrar for the Whirlpool common stock is Computershare Shareholders Services, Inc.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements and schedule included in Whirlpool's Annual Report on Form 10-K/A for the year ended December 31, 2004, and management's assessment of the effectiveness of Whirlpool's internal control over financial reporting as of December 31, 2004, as set forth in their reports which are incorporated by reference in this proxy statement/prospectus and elsewhere in the registration statement. Whirlpool's financial statements and schedule and management's assessment are incorporated by reference in reliance on Ernst & Young's reports, given on their authority as experts in accounting and auditing.

Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements and schedule included in Maytag's Annual Report on Form 10-K for the year ended January 1, 2005, and management's assessment of the effectiveness of Maytag's internal control over financial reporting as of January 1, 2005, as set forth in their reports which are incorporated by reference in this proxy statement/prospectus and elsewhere in the registration statement. Maytag's financial statements and schedule and management's assessment are incorporated by reference in reliance on Ernst & Young's reports, given on their authority as experts in accounting and auditing.

LEGAL MATTERS

Weil, Gotshal & Manges LLP, counsel to Whirlpool, has passed upon the validity of Whirlpool common stock to be issued to Maytag stockholders pursuant to the merger.

FUTURE STOCKHOLDER PROPOSALS

According to the Maytag bylaws, business to be conducted at a special meeting of stockholders may only be brought before the meeting pursuant to a notice of meeting. Accordingly, no matters other than the matters described in this proxy statement/prospectus will be presented for action at the special meeting or at any adjournment or postponement of the special meeting.

To be considered for inclusion in Maytag's proxy statement for the 2006 Annual Meeting of Stockholders, which is currently scheduled for May 11, 2006, unless the merger is completed before that date, a stockholder proposal must be received at Maytag's offices no later than December 5, 2005.

To establish the date on which Maytag receives a proposal, we suggest that proponents submit their proposals by certified mail, return receipt requested.

A stockholder wishing to nominate a candidate for election to the Board or present an item of business at the 2006 Annual Meeting is required to give appropriate written notice to the Secretary of Maytag, which must be received by Maytag between 90 and 120 days before the 2006 Annual Meeting. Maytag is not required to present the matter in its proxy materials. Any notice of nomination is required to contain certain information about both the nominee and the stockholder making the nomination. The Governance and Nominating Committee may require that the proposed nominee furnish other information to determine that person's eligibility and qualifications to serve as a director. A nomination or item of business which does not comply with the above procedure or the bylaws will be disregarded.

ADDITIONAL INFORMATION FOR STOCKHOLDERS

Where You Can Find More Information

Maytag and Whirlpool file annual, quarterly, current, and special reports, proxy statements, and other information with the Securities and Exchange Commission, referred to as the SEC. You may read and copy any reports, statements, or other information they file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Maytag and Whirlpool filings with the SEC are also available to the public from commercial document retrieval services and at the Internet Website maintained by the SEC at *http://www.sec.gov*. Whirlpool and Maytag filings are also available at the offices of the New York Stock Exchange. For further information on obtaining copies of their public filings at the New York Stock Exchange, you should call (212) 656-5060.

Whirlpool has filed a registration statement on Form S-4 to register the shares of Whirlpool common stock to be issued to Maytag stockholders in the merger. This proxy statement/prospectus is a part of the registration statement and constitutes the prospectus of Whirlpool in addition to being the proxy statement of Maytag for the special meeting of Maytag stockholders. As allowed by the SEC rules, this proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

Documents Incorporated by Reference

The SEC allows us to incorporate by reference information into this proxy statement/prospectus, which means that we can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this proxy statement/prospectus, except for any information superseded by information in, or incorporated by reference in, this proxy statement statement/prospectus. This proxy statement/prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about our companies and their finances.

Whirlpool SEC Filings

Annual Report on Form 10-K for the year ended December 31, 2004.

Annual Report on Form 10-K/A for the year ended December 31, 2004.

Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

Current Reports on Form 8-K filed on October 11, 2005, October 6, 2005, August 22, 2005, August 10, 2005, August 8, 2005, July 21, 2005, July 18, 2005, April 21, 2005, February 17, 2005, February 16, 2005, February 10, 2005, February 3, 2005 and January 25, 2005.

Maytag SEC Filings

Annual Report on Form 10-K for the year ended January 1, 2005.

Quarterly Report on Form 10-Q/A for the quarter ended April 2, 2005.

Quarterly Report on Form 10-Q for the quarter ended July 2, 2005.

Quarterly Report on Form 10-Q for the quarter ended October 1, 2005.

Current Reports on Form 8-K filed on November 14, November 15, November 7, 2005, October 26, 2005, October 18, 2005, August 31, 2005, August 22, 2005, August 17, 2005, August 12, 2005, August 10, 2005, August 8, 2005, July 25, 2005 (reporting information under items 8.01 and 9.01), July 22, 2005, July 20, 2005, July 18, 2005, July 14, 2005, June 24, 2005, June 21, 2005, May 24, 2005, May 23, 2005, March 14, 2005, February 15, 2005, and January 18, 2005.

Rights Agreement, dated as of February 12, 1998, between Maytag and Harris Trust and Savings Bank, as Rights Agent (incorporated by reference to Maytag's Current Report on Form 8-A dated February 12, 1998 File No. 001-00655), as amended by Amendment to Rights Agreement, dated as of November 15, 2004 (incorporated by reference to Maytag's Current Report on Form 8-A12B/A dated November 18, 2004, File No. 001-00655), as amended by Amendment to Rights Agreement, dated as of May 19, 2005, between Maytag and Computershare Investor Services LLC, as Rights Agent (incorporated by reference to Maytag's Current Report on Form 8-A12B/A dated May 20, 2005, File No. 00655), and as amended by the Amendment to the Rights Agreement, dated as of August 22, 2005, (incorporated by reference to Maytag's Current Report on Form 8-A12B/A dated August 22, 2005, File No. 001-00655).

We are also incorporating by reference all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Exchange Act between the date of this proxy statement/prospectus and the date of the Maytag stockholder meeting.

Whirlpool has supplied all information contained or incorporated by reference into this proxy statement/prospectus relating to Whirlpool, and Maytag has supplied all such information relating to Maytag.

If you are a Maytag or Whirlpool stockholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the SEC. Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this proxy statement/prospectus. You may obtain documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate party at the following addresses and telephone numbers:

Maytag Corporation	**Whirlpool Corporation**
Maytag's Investor Relations Department 403 West Fourth Street, North Newton, Iowa 50208 Attention: Secretary Telephone: (641) 792-7000	Whirlpool's Investor Relations Department 2000 North M-63 Benton Harbor, Michigan 49022 Attention: Secretary Telephone: (269) 923-5000

If you would like to request documents from us, please do so by December 8, 2005, to receive them before the meeting.

You can also get more information by visiting Whirlpool's web site at http://www.whirlpoolcorp.com and Maytag's web site at http://www.maytagcorp.com. Web site materials are not incorporated in, and are not part of, this proxy statement/prospectus.

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus to vote on the proposals described in this document. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus. This proxy statement/prospectus is dated November , 2005. You should not assume that the information contained in the proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing of this proxy statement/prospectus to Maytag stockholders nor the issuance of Whirlpool common stock in the merger should create any implication to the contrary.

Annex A

AGREEMENT AND PLAN OF MERGER

Dated as of August 22, 2005,

Among

WHIRLPOOL CORPORATION,

WHIRLPOOL ACQUISITION CO.

and

MAYTAG CORPORATION

INDEX OF DEFINED TERMS

Defined Term	Location
"*20-Day Average Price*"	2.01(f)
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"*2006 Bonus Plans*"	6.05(e)
"*affiliate*"	9.03
"*Affiliate Agreement*"	6.13(a)
"*Antitrust Laws*"	6.03(b)(i)
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"*Book Entry Shares*"	2.03(a)
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"*Certificate*"	2.01(d)
"*Certificate of Merger*"	1.03
"*Closing*"	1.02
"*Closing Date*"	1.02
"*Code*"	2.03(j)
"*Common Shares Trust*"	2.03(e)(2)
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"*Company*"	Preamble
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"*Company Benefit Plans*"	3.10(a)
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"*Company By-laws*"	3.01
"*Company Capital Stock*"	3.03(a)
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"*Company Common Stock*"	2.01
"*Company Disclosure Letter*"	Article III
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"*Company Material Adverse Effect*"	9.03
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"*Company SEC Documents*"	3.06(a)
"*Company Stock Option*"	2.02(b)(1)
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AGREEMENT AND PLAN OF MERGER dated as of August 22, 2005, among WHIRLPOOL CORPORATION, a Delaware corporation ("*Parent*"), WHIRLPOOL ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of Parent ("*Sub*"), and MAYTAG CORPORATION, a Delaware corporation (the "*Company*").

WHEREAS the respective Boards of Directors of Parent, Sub and the Company have approved the acquisition of the Company by Parent on the terms and subject to the conditions set forth in this Agreement;

WHEREAS the respective Boards of Directors of Sub and the Company have approved and declared advisable this Agreement and the merger (the "*Merger*") of Sub into the Company, on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS Parent, Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

THE MERGER

Section 1.01 *The Merger.* On the terms and subject to the conditions set forth in this Agreement, and in accordance with the General Corporation Law of the State of Delaware (the "*DGCL*"), Sub shall be merged with and into the Company at the Effective Time. At the Effective Time, the separate corporate existence of Sub shall cease and the Company shall continue as the surviving corporation (the "*Surviving Corporation*"). The Merger, the payment of cash and shares of common stock, par value $1.00 per share, of Parent ("*Parent Common Stock*") in connection with the Merger and the other transactions contemplated by this Agreement are referred to herein as the "*Transactions*".

SECTION 1.02 *Closing.* The closing (the "*Closing*") of the Merger shall take place at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 at 10:00 a.m. on the second business day following the satisfaction (or, to the extent permitted by Law, waiver by all parties) of the conditions set forth in Section 7.01 (other than those conditions that by their nature are to be fulfilled at the Closing), or, if on such day any condition set forth in Section 7.02 or 7.03 has not been satisfied (or, to the extent permitted by Law, waived by the party or parties entitled to the benefits thereof and other than those conditions that by their nature are to be fulfilled at the Closing), as soon as practicable after all the conditions set forth in Article VII have been satisfied (or, to the extent permitted by Law, waived by the parties entitled to the benefits thereof), or at such other place, time and date as shall be agreed in writing between Parent and the Company. The date on which the Closing occurs is referred to in this Agreement as the "*Closing Date*".

SECTION 1.03 *Effective Time.* Prior to the Closing, Parent shall prepare, and on the Closing Date or as soon as practicable thereafter the Surviving Corporation shall file with the Secretary of State of the State of Delaware, a certificate of merger (the "*Certificate of Merger*") executed in accordance with the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL. The Merger shall become effective at such time as the Certificate of Merger is duly filed with such Secretary of State, or at such subsequent time as Parent and the Company shall agree and specify in the Certificate of Merger (the time the Merger becomes effective being the "*Effective Time*").

SECTION 1.04 *Effects.* The Merger shall have the effects set forth in Section 259 of the DGCL.

SECTION 1.05 *Certificate of Incorporation and By-laws.* (a) The certificate of incorporation of the Company, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law.

(b) The By-laws of Sub, as in effect immediately prior to the Effective Time, shall be the By-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law.

SECTION 1.06 *Directors.* The directors of Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

SECTION 1.07 *Officers.* The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

ARTICLE II

EFFECT ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS; EXCHANGE OF CERTIFICATES

SECTION 2.01 *Effect on Capital Stock.* At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of common stock, par value $1.25 per share, of the Company ("*Company Common Stock*") or any shares of capital stock of Sub:

(a) *Capital Stock of Sub.* Each issued and outstanding share of capital stock of Sub shall be converted into and become one fully paid and nonassessable share of common stock, par value $1.00 per share, of the Surviving Corporation.

(b) *Cancellation of Treasury Stock and Parent-Owned Stock.* Each share of Company Common Stock that is owned by the Company, Parent or Sub shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered or deliverable in exchange therefor.

(c) *Conversion of Company Common Stock.* Subject to Sections 2.01(b), 2.02(a) and 2.02(b), each issued and outstanding share of Company Common Stock shall be converted into the right to receive (x) $10.50 in cash, without interest, and (y) that number of validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the Exchange Ratio (together, the "*Merger Consideration*").

(d) *Effect of Conversion.* From and after the Effective Time, all of the shares of Company Common Stock converted into the Merger Consideration pursuant to this Section 2.01 shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate (each a "*Certificate*") theretofore representing any such shares of Company Common Stock shall thereafter cease to have any rights with respect thereto, except the right to receive (i) the Merger Consideration, (ii) any dividends and other distributions in accordance with Section 2.03(d) and 2.03(f) and (iii) any cash to be paid in lieu of any fractional share of Parent Common Stock in accordance with Section 2.03(e).

(e) *Changes to Stock.* If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of Parent or the Company shall occur by reason of any reclassification, recapitalization, stock split or combination, split-up, exchange or readjustment of shares, rights issued in respect of Parent Common Stock or any stock dividend thereon with a record date during such period, the Merger Consideration, the Exchange Ratio and any other similarly dependent items, as the case may be, shall be appropriately adjusted to provide the holders of shares of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event.

(f) *Definitions.* For purposes of this Agreement:

"*Exchange Ratio*" means the quotient obtained by dividing $10.50 by the 20-Day Average Price and rounding to the nearest 1/10,000; provided that if the 20-Day Average Price is less than $75.1039, the

Exchange Ratio shall be 0.1398; and if the 20-Day Average Price is greater than $91.7937, the Exchange Ratio shall be equal to 0.1144.

"*20-Day Average Price*" shall mean the average (rounded to nearest 1/10,000), of the volume weighted averages (rounded to the nearest 1/10,000), of the trading prices of the Parent Common Stock on the New York Stock Exchange, Inc. (the "*NYSE*") as reported by Bloomberg Financial Markets (or such other source as the parties shall agree in writing) for each of the 20 consecutive trading days ending on and including the second trading day prior to the Closing Date.

SECTION 2.02 *Appraisal Rights; Stock Options; Affiliates.*

(a) *Appraisal Rights.* Notwithstanding anything in this Agreement to the contrary, shares ("*Appraisal Shares*") of Company Common Stock that are issued and outstanding immediately prior to the Effective Time and that are held by any person who is entitled to demand and properly demands appraisal of such Appraisal Shares pursuant to, and who complies with, Section 262 of the DGCL ("*Section 262*") shall not be converted into Merger Consideration as provided in Section 2.01(c), but rather the holders of Appraisal Shares shall be entitled to the rights provided for under Section 262; provided, however, that if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose the right to appraisal under Section 262, then such holder's Appraisal Shares shall be deemed to have been converted as of the Effective Time into, and to have become exchangeable solely for the right to receive, the Merger Consideration as provided in Section 2.01(c) and unpaid dividends and other distributions as provided in Section 2.03(d). The Company shall serve prompt notice to Parent of any demands received by the Company for appraisal of any shares of Company Common Stock, and Parent shall have the right to participate in and direct all negotiations and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, without the prior written consent of Parent, make any payment with respect to, or settle or offer to settle, any such demands, or agree to do any of the foregoing.

(b) *Stock Options and Equity Awards.*

(1) The Board of Directors of the Company (the "*Company Board*"), or the appropriate committee thereof, shall take such action as is necessary so that at the Effective Time, each outstanding option to purchase shares of Company Common Stock (a "*Company Stock Option*") granted under the Company Stock Plans, whether or not vested, shall cease to represent a right to acquire shares of Company Common Stock, and shall thereafter constitute an option to acquire, on the same terms and conditions as were applicable to such Company Stock Option pursuant to the relevant Company Stock Plan under which it was issued and the agreement evidencing the grant thereof prior to the Effective Time, the number (rounded to the nearest whole number) of shares of Parent Common Stock determined by multiplying (x) the number of shares of Company Common Stock subject to such Company Stock Option immediately prior to the Effective Time by (y) two times the Exchange Ratio. The exercise price or base price per share of Parent Common Stock subject to any such Company Stock Option at and after the Effective Time shall be an amount (rounded to the nearest one hundredth of a cent) equal to (A) the exercise price or base price per share of Company Common Stock subject to such Company Stock Option prior to the Effective Time divided by (B) two times the Exchange Ratio. The parties acknowledge that as of the Effective Time, all Company Stock Options granted under the 2002 Employee and Director Stock Incentive Plan, the 1998 Non-Employee Directors' Stock Option Plan, the 2000 Employee Stock Incentive Plan, the 1996 Employee Stock Incentive Plan, the 1992 Stock Option Plan for Executives and Key Employees and the 1989 Stock Option Plan for Non-Employee Directors, if unvested, shall vest in full and shall remain exercisable in accordance with the terms of the applicable plan documents and award agreements for each such Company Stock Option. The parties will make good faith efforts to make equitable adjustments to ensure that the conversions of Company Stock Options contemplated by this Section 2.02(b)(1) comply with Section 409A of the Code.

(2) At the Effective Time, (i) each restricted stock unit or performance unit granted under the Company Stock Plans, if unvested, shall vest in full and be settled for a cash payment to the holder of such award equal to $10.50 plus (A) the Exchange Ratio times (B) the closing price of the Parent Common Stock on the Closing Date per unit; and (ii) each award granted under the Company's Performance Incentive Award Plan and the Company's Executive Economic Profit Plan (together, the "*Cash LTIPs*") shall vest and be settled in cash (based on a per share valuation equal to $10.50 plus (A) the Exchange Ratio times (B) the closing price of the Parent Common Stock on the Closing Date) at the Effective Time at 100% of target.

(3) Parent shall take all corporate action necessary to assume as of the Effective Time the Company's obligations under the Company Stock Options and to otherwise effectuate the provisions of this Section 2.02(b), and shall reserve for issuance a sufficient number of shares of Parent Common Stock for delivery pursuant to the terms set forth in this Section 2.02(b). Effective as of the Closing Date, Parent shall file with the U.S. Securities and Exchange Commission (the "*SEC*") a registration statement on an appropriate form or a post-effective amendment to a previously filed registration statement under the Securities Act with respect to the Parent Common Stock subject to Company Stock Options and shall use its reasonable best efforts to maintain the effectiveness of such registration statement (and maintain the current status of the prospectus contained therein), as well as comply with any applicable state securities or "blue sky" laws, for so long as such options remain outstanding.

(4) For purposes of this Agreement, "*Company Stock Plans*" mean the 2002 Employee and Director Stock Incentive Plan, the 1998 Non-Employee Directors' Stock Option Plan, the 2000 Employee Stock Incentive Plan, the 1996 Employee Stock Incentive Plan, the 1992 Stock Option Plan for Executives and Key Employees, the 1989 Stock Option Plan for Non-Employee Directors and the Company's Employee Discount Stock Purchase Plan (the "*ESPP*").

(c) *Company Affiliates*. Anything to the contrary herein notwithstanding, no shares of Parent Common Stock (or certificates therefor) shall be issued in exchange for any Certificate to any "*affiliate*" of the Company (identified pursuant to Section 6.13) until such person shall have delivered to Parent duly executed Affiliate Agreements as contemplated by Section 6.13. Such persons shall be subject to the restrictions described in such agreements, and such shares (or certificates therefor) shall bear a legend describing such restrictions.

SECTION 2.03 *Exchange of Certificates.*

(a) *Exchange Agent.* Prior to the Effective Time, Parent shall appoint the transfer agent for the Parent Common Stock or such other exchange agent reasonably acceptable to the Company (the "*Exchange Agent*") for the purpose of exchanging Certificates representing shares of Company Common Stock and non-certificated shares represented by book entry ("*Book Entry Shares*") for the Merger Consideration. Parent will make available to the Exchange Agent, at or prior to the Effective Time, the cash and Parent Common Stock to be delivered in respect of the shares of Company Common Stock (such cash and Parent Common Stock being hereinafter referred to as the "*Exchange Fund*"). Promptly after the Effective Time, Parent will send, or will cause the Exchange Agent to send, to each holder of record of shares of Company Common Stock as of the Effective Time a letter of transmittal for use in such exchange (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates theretofore representing shares of Company Common Stock shall pass, only upon proper delivery of such Certificates to the Exchange Agent or by appropriate guarantee of delivery in the form customarily used in transactions of this nature from a member of a national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company in the United States) in such form as the Company and Parent may reasonably agree, for use in effecting delivery of shares of Company Common Stock to the Exchange Agent. Exchange of any Book-Entry Shares shall be effected in accordance with Parent's customary procedures with respect to securities represented by book entry.

(b) *Exchange Procedure.* Each holder of shares of Company Common Stock that have been converted into a right to receive the Merger Consideration, upon surrender to the Exchange Agent of a Certificate, together with a properly completed letter of transmittal, will be entitled to receive (A) one or more shares of Parent Common Stock (which shall be in non-certificated book-entry form unless a physical certificate is requested) representing, in the aggregate, the whole number of shares of Parent Common Stock, if any, that such holder has the right to receive pursuant to Section 2.01(c) and (B) a check in the amount equal to the cash portion of the Merger Consideration, if any, that such holder has the right to receive pursuant to Section 2.01(c) and this Article II, including cash payable in lieu of fractional shares pursuant to Section 2.03(e) and dividends and other distributions pursuant to Section 2.03(d). No interest shall be paid or accrued on any Merger Consideration, cash in lieu of fractional shares or on any unpaid dividends and distributions payable to holders of Certificates. Until so surrendered, each such Certificate shall, after the Effective Time, represent for all purposes only the right to receive such Merger Consideration and any dividends and other distributions in accordance with Sections 2.03(d) and 2.03(f), and any cash to be paid in lieu of any fractional share of Parent Common Stock in accordance with Section 2.03(e).

(c) *Certificate Holder.* If any portion of the Merger Consideration is to be registered in the name of a person other than the person in whose name the applicable surrendered Certificate is registered, it shall be a condition to the registration thereof that the surrendered Certificate shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such delivery of the Merger Consideration shall pay to the Exchange Agent any transfer or other similar Taxes required as a result of such registration in the name of a person other than the registered holder of such Certificate or establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) *Dividends and Distributions.* No dividends or other distributions with respect to shares of Parent Common Stock issued in the Merger shall be paid to the holder of any unsurrendered Certificates or Book-Entry Shares until such Certificates or Book-Entry Shares are properly surrendered. Following such surrender, there shall be paid, without interest, to the record holder of the shares of Parent Common Stock issued in exchange therefor (i) at the time of such surrender, all dividends and other distributions payable in respect of such shares of Parent Common Stock with a record date after the Effective Time and a payment date on or prior to the date of such surrender and not previously paid and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such shares of Parent Common Stock with a record date after the Effective Time but with a payment date subsequent to such surrender. For purposes of dividends or other distributions in respect of shares of Parent Common Stock, all shares of Parent Common Stock to be issued pursuant to the Merger shall be entitled to dividends pursuant to the immediately preceding sentence as if issued and outstanding as of the Effective Time.

(e) *Fractional Shares.*

(1) No fractional shares of Parent Common Stock shall be issued in the Merger, but in lieu thereof each holder of shares of Company Common Stock otherwise entitled to a fractional share of Parent Common Stock will be entitled to receive, from the Exchange Agent in accordance with the provisions of this Section 2.03(e), a cash payment in lieu of such fractional shares of Parent Common Stock representing such holder's proportionate interest, if any, in the proceeds from the sale by the Exchange Agent in one or more transactions of shares of Parent Common Stock equal to the excess of (x) the aggregate number of shares of Parent Common Stock to be delivered to the Exchange Agent by Parent pursuant to Section 2.03(a) over (y) the aggregate number of whole shares of Parent Common Stock to be distributed to the holders of Certificates pursuant to Section 2.03(b) (such excess being herein called the "*Excess Shares*"). As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of the Certificates representing shares of Company Common Stock, shall sell the Excess Shares at then prevailing prices on the NYSE in the manner provided in the following paragraph.

(2) The sale of the Excess Shares by the Exchange Agent, as agent for the holders that would otherwise receive fractional shares, shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. Until the proceeds of such sale or sales have been distributed to the holders of shares of Company Common Stock, the Exchange Agent shall hold such proceeds in trust for the holders of shares of Company Common Stock (the "*Common Shares Trust*"). Parent shall pay all commissions, transfer taxes and other out-of-pocket transactions costs, including the expenses and compensation of the Exchange Agent, incurred in connection with such sale of Excess Shares. The Exchange Agent shall determine the portion of the Common Shares Trust to which each holder of shares of Company Common Stock shall be entitled, if any, by multiplying the amount of the aggregate proceeds comprising the Common Shares Trust by a fraction, the numerator of which is the amount of the fractional share interest to which such holder of shares of Company Common Stock would otherwise be entitled and the denominator of which is the aggregate amount of fractional share interests to which all holders of shares of Company Common Stock would otherwise be entitled.

(3) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of shares of Company Common Stock in lieu of any fractional shares of Parent Common Stock, the Exchange Agent shall make available such amounts to such holders of shares of Company Common Stock without interest, subject to and in accordance with this Section 2.03.

(f) *No Further Ownership Rights in Company Common Stock.* The Merger Consideration paid in accordance with the terms of this Article II upon conversion of any shares of Company Common Stock shall be deemed to have been paid in full satisfaction of all rights pertaining to such shares of Company Common Stock, subject, however, to the Surviving Corporation's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time that may have been declared or made by the Company on such shares of Company Common Stock in accordance with the terms of this Agreement or prior to the date of this Agreement and which remain unpaid at the Effective Time, and after the Effective Time there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any certificates formerly representing shares of Company Common Stock are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(g) *Termination of Exchange Fund.* Any portion of the Exchange Fund that remains undistributed to the holders of Company Common Stock for six months after the Effective Time shall be delivered to Parent, upon demand, and any holder of Company Common Stock who has not theretofore complied with this Article II shall thereafter look only to Parent and/or the Surviving Corporation for payment of its claim for Merger Consideration.

(h) *No Liability.* None of Parent, Sub, the Company or the Exchange Agent shall be liable to any person in respect of any cash or Parent Common Stock from the Exchange Fund delivered to a public official to the extent required by any applicable abandoned property, escheat or similar Law. If any Certificate has not been surrendered immediately prior to such date on which the Merger Consideration in respect of such Certificate would otherwise irrevocably escheat to or become the property of any Governmental Entity, any such shares, cash, dividends or distributions in respect of such Certificate shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

(i) *Investment of Exchange Fund.* The Exchange Agent shall invest any cash included in the Exchange Fund, as directed by Parent, in (i) direct obligations of the United States of America, (ii) obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of all principal and interest or (iii) commercial paper obligations receiving the highest rating from either Moody's Investor Services, Inc. or Standard & Poor's, a division of The McGraw Hill Companies, or a combination thereof; provided that, in any such case, no such instrument shall have a

maturity exceeding three months from the date of the investment therein. Any interest and other income resulting from such investments shall be paid to Parent.

(j) *Withholding Rights.* Parent and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable to any holder of Company Common Stock pursuant to this Agreement such amounts as are required to be deducted and withheld with respect to the making of such payment under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "*Code*"), or under any other provision of applicable federal, state, local or foreign tax Law. To the extent that amounts are so withheld and paid over to the appropriate taxing authority by Parent or the Exchange Agent, as applicable, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holders of the shares of Company Common Stock in respect of which such deduction and withholding was made by Parent or the Exchange Agent.

(k) *Lost Certificates.* If any Certificate shall have been lost, stolen, defaced or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen, defaced or destroyed and, if reasonably required by the Surviving Corporation, the posting by such person of a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall pay in respect of such lost, stolen, defaced or destroyed Certificate the Merger Consideration with respect to each share of Company Common Stock formerly represented by such Certificate.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Sub that, except as set forth in the disclosure letter, dated as of the date of this Agreement, from the Company to Parent and Sub (the "*Company Disclosure Letter*") or in any Company SEC Document filed and publicly available prior to the date of this Agreement (each, a "*Filed Company SEC Document*"):

SECTION 3.01 *Organization, Standing and Power.* Each of the Company and each of its subsidiaries (each, a "*Company Subsidiary*") (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, other than defects in such organization, existence or good standing that, individually and in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, and (b) has full corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, other than such corporate power and authority, franchises, licenses, permits, authorizations and approvals the lack of which, individually and in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. The Company and each Company Subsidiary is duly qualified to do business in each jurisdiction where the nature of its business or the ownership or leasing of its properties make such qualification necessary or the failure to so qualify would reasonably be expected to have a Company Material Adverse Effect. The Company has delivered to Parent true and complete copies of the certificate of incorporation of the Company, as amended to the date of this Agreement (as so amended, the "*Company Charter*"), and the by-laws of the Company, as amended to the date of this Agreement (as so amended, the "*Company By-laws*").

SECTION 3.02 *Company Subsidiaries: Equity Interests.*

(a) Section 3.02(a) of the Company Disclosure Letter lists each "*significant subsidiary*", as such term is defined in Rule 1-02 of Regulation S-X under the Exchange Act and its jurisdiction of organization. All the outstanding shares of capital stock of each Company Subsidiary have been validly issued and are fully paid and nonassessable and are owned by the Company, by another Company Subsidiary or by the Company and another Company Subsidiary, free and clear of all pledges, liens, charges, mortgages, encumbrances and security interests of any kind or nature whatsoever (collectively, "*Liens*").

(b) Except for its interests in the Company Subsidiaries, the Company does not own, directly or indirectly, any capital stock, equity membership interest, partnership interest, joint venture interest or other equity interest in any person.

SECTION 3.03 *Capital Structure.* (a) The authorized capital stock of the Company consists of 200,000,000 shares of Company Common Stock and 24,000,000 shares of preferred stock, par value $1.00 per share ("*Company Preferred Stock*" and, together with the Company Common Stock, the "*Company Capital Stock*"). At the close of business on July 31, 2005, (i) 79,943,633 shares of Company Common Stock (each together with a Company Right) and no shares of Company Preferred Stock were issued and outstanding, (ii) 37,206,960 shares of Company Common Stock were held by the Company in its treasury, (iii) 7,521,608 shares of Company Common Stock were subject to outstanding Company Stock Options and 891,921 additional shares of Company Common Stock were reserved for issuance pursuant to the Company Stock Plans, (other than any shares reserved under the Employee Discount Stock Purchase Plan) and (iv) 4,000,000 shares of Company Preferred Stock were reserved for issuance in connection with the rights (the "*Company Rights*") issued pursuant to the Rights Agreement dated as of February 12, 1998 (as amended from time to time, the "*Company Rights Agreement*"), between the Company and Computershare Investor Services, LLC, as Rights Agent. Except as set forth above, at the close of business on July 31, 2005, no shares of capital stock or other voting securities of the Company were issued, reserved for issuance or outstanding. During the period from July 31, 2005 to the date of this Agreement, (x) there have been no issuances by the Company of shares of capital stock or other voting securities of the Company other than issuances of shares of Company Common Stock pursuant to the exercise of Company Stock Options outstanding on such date as required by their terms as in effect on the date of such issuance and (y) there have been no issuances by the Company of options, warrants or other rights to acquire shares of capital stock or other voting securities of the Company. There are no outstanding stock appreciation rights linked to the price of the Company Common Stock that were not granted in tandem with a related Company Stock Option. All outstanding shares of Company Capital Stock are, and all such shares that may be issued prior to the Effective Time will be when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the DGCL, the Company Charter, the Company By-laws or any Contract to which the Company is a party or otherwise bound. There are not any bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Company Capital Stock may vote ("*Voting Company Debt*"). Except as set forth above, as of the date of this Agreement, there are not any options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which the Company or any Company Subsidiary is a party or by which any of them is bound (i) obligating the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exercisable for or exchangeable into any capital stock of or other equity interest in, the Company or any Company Subsidiary or any Voting Company Debt, (ii) obligating the Company or any Company Subsidiary to issue, grant, extend or enter into any such option, warrant, call, right, security, unit, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of Company Capital Stock. As of the date of this Agreement, there are not any outstanding contractual obligations of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or any Company Subsidiary. The Company has made available to Parent a complete and correct copy of the Company Rights Agreement, as amended to the date of this Agreement.

(b) The Company has delivered or made available to Parent a true, complete and correct list of all outstanding Company Stock Options, the number of shares of Company Common Stock subject to each such Company Stock Option, the grant dates, exercise prices, expiration dates and vesting schedule of each such Company Stock Option and the names of the holders of each Company Stock Option. All outstanding Company Stock Options are evidenced by the forms of Company Stock Option agreements delivered or made available to Parent, and no Company Stock Option agreement contains terms that are materially inconsistent with, or in addition in any material respect to, the terms contained therein.

SECTION 3.04 *Authority; Execution and Delivery; Enforceability.* (a) The Company has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the Merger and the other Transactions to be performed or consummated by the Company. The execution and delivery by the Company of this Agreement and the consummation by the Company of the Merger and the other Transactions to be performed or consummated by the Company have been duly authorized by all necessary corporate action on the part of the Company, subject, in the case of the Merger, to receipt of the Company Stockholder Approval. The Company has duly executed and delivered this Agreement, and this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, and to general equity principles.

(b) The Company Board, at a meeting duly called and held, duly adopted resolutions (i) approving this Agreement, the Merger and the other Transactions to be performed or consummated by the Company, (ii) determining that the terms of the Merger and the other Transactions to be performed or consummated by the Company are fair to and in the best interests of the Company and its stockholders, (iii) directing that this Agreement be submitted to a vote at the Company Stockholders Meeting, (iv) recommending that the Company's stockholders adopt this Agreement and (v) declaring the advisability of this Agreement. Assuming that the representation set forth in the second sentence of Section 4.03(c) is true and correct, such resolutions of the Company Board are sufficient to render inapplicable to Parent and Sub and this Agreement, the Merger and the other Transactions (i) the restrictions on "*business combinations*" contained in Section 203 of the DGCL and (ii) the provisions of Article Eleventh of the Company Charter. To the Company's knowledge, no other state takeover statute or similar statute or regulation applies or purports to apply to the Company with respect to this Agreement, the Merger or any other Transaction.

(c) Assuming that the representation set forth in the second sentence of Section 4.03(c) is true and correct, the only vote of holders of any class or series of Company Capital Stock necessary to approve and adopt this Agreement and the Merger is the adoption of this Agreement by the holders of a majority of the outstanding shares of Company Common Stock entitled to vote thereon (the "*Company Stockholder Approval*"). The affirmative vote of the holders of Company Capital Stock, or any of them, is not necessary to consummate any Transaction other than the Merger.

SECTION 3.05 *No Conflicts; Consents.* (a) The execution and delivery by the Company of this Agreement do not, and the consummation of the Merger and the other Transactions and compliance with the terms hereof will not, conflict with, or result in any violation of or default (with or without the lapse of time or the giving of notice, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Lien upon any of the properties or assets of the Company or any Company Subsidiary under, any provision of (i) the Company Charter, the Company By-laws or the comparable charter or organizational documents of any Company Subsidiary, (ii) any contract, lease, license, indenture, note, bond, agreement, permit, concession, franchise or other instrument (a "*Contract*") to which the Company or any Company Subsidiary is a party or by which any of their respective properties or assets

is bound or (iii) subject to the filings and other matters referred to in Section 3.05(b), any judgment, order or decree ("*Judgment*") or statute, law (including common law), ordinance, rule or regulation ("*Law*") applicable to the Company or any Company Subsidiary or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(b) No consent, approval, license, permit, order or authorization ("*Consent*") of, or registration, declaration or filing with, or permit from, any federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "*Governmental Entity*"), is required to be obtained or made by or with respect to the Company or any Company Subsidiary in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions, other than (i) compliance with and filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "*HSR Act*"), (ii) any additional Consents and filings under any foreign Antitrust Laws (including, if applicable, the competition or antitrust laws of Mexico and Brazil, and the Competition Act (Canada)) or under the Investment Canada Act (Canada), (iii) the filing with the SEC of (A) a proxy or information statement relating to the adoption of this Agreement by the Company's stockholders (the "*Proxy Statement*") and (B) such reports under, or other applicable requirements of, the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), as may be required in connection with this Agreement, the Merger and the other Transactions, (iv) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of the other jurisdictions in which the Company is qualified to do business, (v) compliance with and such filings as may be required under applicable Environmental Laws, (vi) such filings as may be required in connection with the Taxes described in Section 6.09, (vii) filings under any applicable state takeover Law and (viii) such other items that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(c) The Company and the Company Board have taken all action necessary to (i) render the Company Rights Agreement inapplicable to this Agreement, the Merger and the other Transactions and (ii) ensure that (A) neither Parent nor any of its affiliates or associates is or will become an "*Acquiring Person*" (as defined in the Company Rights Agreement) by reason of this Agreement, the Merger or any other Transaction, (B) a "*Distribution Date*" or a "*Share Acquisition Date*" (as each such term is defined in the Company Rights Agreement) shall not occur by reason of this Agreement, the Merger or any other Transaction and (C) the Company Rights shall expire immediately prior to the Effective Time.

SECTION 3.06 *SEC Documents; Undisclosed Liabilities.* (a) The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company with the SEC since January 1, 2003 pursuant to Sections 13(a) and 15(d) of the Exchange Act (the "*Company SEC Documents*").

(b) As of its respective date, each Company SEC Document complied as to form in all material respects with the requirements of the Exchange Act or the Securities Act of 1933, as amended (the "*Securities Act*"), as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Document, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Filed Company SEC Document has been revised or superseded by a later filed Filed Company SEC Document, none of the Company SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements of the Company included in the Company SEC Documents (including the related notes and schedules thereto) comply as to form

in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles ("*GAAP*") (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Other than liabilities or obligations (i) disclosed or provided for in the financial statements included in the Filed Company SEC Documents or (ii) incurred since March 31, 2005 in the ordinary course of business, neither the Company nor any Company Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a consolidated balance sheet of the Company and its consolidated subsidiaries or in the notes thereto and that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect.

(d) Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer and former principal financial officer of the Company, as applicable) has made all certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations promulgated thereunder and under the Exchange Act (collectively, the "*Sarbanes-Oxley Act*") with respect to the Company SEC Documents, and the Company has delivered to Parent a summary of any disclosure made by the Company's management to the Company's auditors and audit committee referred to in such certifications. For purposes of the preceding sentence, "*principal executive officer*" and "*principal financial officer*" shall have the meanings ascribed to such terms in the Sarbanes-Oxley Act.

(e) The Company has (i) designed and maintained disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to the Company, including its consolidated subsidiaries, that is required to be disclosed by the Company in the reports it files under the Exchange Act is made known to its principal executive officer and principal financial officer or other appropriate members of management as appropriate to allow timely decisions regarding required disclosure; (ii) designed and maintained a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including reasonable assurance (A) that transactions are executed in accordance with management's general or specific authorizations and recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability and (B) regarding prevention or timely detection of any unauthorized acquisition, use or disposition of assets that could have a material effect on the Company's financial statements; (iii) with the participation of the Company's principal executive and financial officers, completed an assessment of the effectiveness of the Company's internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended January 1, 2005, and such assessment concluded that such internal controls were effective using the framework specified in the Company's Annual Report on Form 10-K for such year ended; and (iv) to the extent required by applicable Law, disclosed in such report or in any amendment thereto any change in the Company's internal control over financial reporting that occurred during the period covered by such report or amendment that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(f) The Company has disclosed, based on the most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company Board (i) any significant deficiencies or material weaknesses in the design or operation of internal control over

financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. The Company has identified, based on the most recent evaluation of internal control over financial reporting, for the Company's auditors any material weaknesses in internal controls. The Company has provided to Parent true and correct copies of any of the foregoing disclosures to the auditors or audit committee that have been made in writing from January 1, 2003 through the date hereof, and will promptly provide Parent true and correct copies of any such disclosure that is made after the date hereof.

(g) None of the Company Subsidiaries is, or has at any time since January 1, 2003 been, subject to the reporting requirements of Sections 13(a) and 15(d) of the Exchange Act.

(h) As of the date of this Agreement, to the knowledge of the Company, there is no applicable accounting rule, consensus or pronouncement that has been adopted by the SEC, the Financial Accounting Standards Board, the Emerging Issues Task Force or any similar body but that is not in effect as of the date of this Agreement that, if implemented, would reasonably be expected to have a Company Material Adverse Effect.

(i) There are no pending (A) formal or, to the knowledge of the Company, informal investigations of the Company by the SEC, (B) to the knowledge of the Company, inspections of an audit of the Company's financial statements by the Public Company Accounting Oversight Board or (C) investigations by the audit committee of the Company Board regarding any complaint, allegation, assertion or claim that the Company or any Company Subsidiary has engaged in improper or illegal accounting or auditing practices or maintains improper or inadequate internal accounting controls. The Company will promptly provide to Parent information as to any such matters that arise after the date hereof.

(j) Since July 30, 2002, the Company has been in compliance in all material respects with the applicable requirements of the Sarbanes-Oxley Act in effect from time to time.

(k) Since the date of the Company's 2004 annual meeting of stockholders, the Company has been in compliance with the applicable corporate governance listing standards of the NYSE in all material respects.

SECTION 3.07 *Information Supplied.*

(a) None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Proxy Statement will, at the date it is first mailed to the Company's stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Sub in writing for inclusion or incorporation by reference therein.

(b) None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Form S-4 or any amendment or supplement thereto will, at the time the Form S-4 or any such amendment or supplement becomes effective under the Securities Act or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state a material fact required to be included in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

SECTION 3.08 *Absence of Certain Changes or Events.* From the date of the most recent audited financial statements included in the Filed Company SEC Documents to the date of this Agreement, the Company has conducted its business only in the ordinary course, and during such period there has not been:

(i) any event, change, effect, development, condition or occurrence that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect;

(ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Company Common Stock or any repurchase for value by the Company of any Company Common Stock, other than quarterly cash dividends with respect to the Company Common Stock of (A) $0.18 per share with respect to the first quarter of 2005 and (B) $0.09 per share with respect to the second and third quarters of 2005, in each case with usual declaration, record and payment dates;

(iii) any split, combination or reclassification of any Company Common Stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of Company Common Stock;

(iv) (A) any granting by the Company or any Company Subsidiary to any current or former director, officer, employee or independent contractor of the Company or any Company Subsidiary (each, a "*Participant*") of any loan or any increase in any type of compensation, benefits, perquisites or any bonus or award, except for grants of normal cash bonus opportunities and normal increases of cash compensation (including compensation in connection with new hires), in each case in the ordinary course of business consistent with past practice or as was required under employment agreements in effect as of the date of the most recent audited financial statements included in the Filed Company SEC Documents, (B) any payment of any bonus to any Participant, except for bonuses paid in the ordinary course of business consistent with past practice, (C) any granting by the Company or any Company Subsidiary to any Participant of any severance, change in control, termination or similar compensation, pay or benefits or increases therein, or of the right to receive any severance, change in control, termination or similar compensation, pay or benefits or increases therein, except (x) as was required under any employment, severance or termination agreements in effect as of the date of the most recent audited financial statements included in the Filed Company SEC Documents, (y) in the ordinary course of business consistent with past practice in connection with new hires to replace departed employees and (z) in the ordinary course of business consistent with past practice in connection with promotions made in the ordinary course of business consistent with past practice, or (D) any entry by the Company or any Company Subsidiary into, or any amendment of, any Company Benefit Agreement;

(v) any damage, destruction or loss, whether or not covered by insurance, that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect;

(vi) any change in accounting methods, principles or practices by the Company or any Company Subsidiary, except for any change which is not material or which is required by a change in GAAP or applicable Law;

(vii) any material elections with respect to Taxes by the Company or any Company Subsidiary or settlement or compromise by the Company or any Company Subsidiary of any material Tax liability or refund; or

(viii) any revaluation by the Company or any Company Subsidiary of any of the assets of the Company or any Company Subsidiary, except insofar as may have been required by applicable Law or that would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.09 *Taxes.* (a) As used in this Agreement:

"*Taxes*" shall mean all (i) federal, state and local, domestic and foreign, taxes, assessments, duties or similar charges of any kind whatsoever, including all corporate franchise, income, sales, use, ad valorem, receipts, value added, profits, license, withholding, employment, excise, property, net worth, capital gains, transfer, stamp, documentary, social security, payroll, environmental, alternative minimum, occupation, recapture and other taxes, and including any interest, penalties and additions imposed with respect to such amounts; (ii) liability for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate group; and (iii) liability for the payment of any amounts as a result of an obligation to indemnify any other person with respect to the payment of any amounts of the type described in clause (i) or (ii).

"*Taxing Authority*" shall mean any federal, state or local, domestic or foreign, governmental body (including any subdivision, agency or commission thereof), or any quasi-governmental body, in each case, exercising regulatory authority in respect of Taxes.

"*Tax Return*" shall mean all returns, declarations of estimated tax payments, reports, estimates, information returns and statements, including any related or supporting information with respect to any of the foregoing, filed or to be filed with any Taxing Authority in connection with the determination, assessment, collection or administration of any Taxes.

(b) The Company and each Company Subsidiary has timely filed, or has caused to be timely filed on its behalf, all material Tax Returns required to be filed by or on behalf of the Company and each Company Subsidiary in the manner prescribed by applicable Law. All such Tax Returns are complete and correct, except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. The Company and each Company Subsidiary has timely paid (or the Company has paid on each such Company Subsidiary's behalf) all Taxes due and owing, and, in accordance with GAAP, the most recent financial statements contained in the Filed Company SEC Documents reflect a reserve (excluding any reserve for deferred Taxes) for all Taxes payable by the Company and each Company Subsidiary for all taxable periods and portions thereof through the date of such financial statement, in each case except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(c) No Tax Return of the Company or any Company Subsidiary is under audit or examination by any Taxing Authority, and no written notice or, to the knowledge of the Company, unwritten notice of such an audit or examination has been received by the Company or any Company Subsidiary. Each material assessed deficiency resulting from any audit or examination relating to Taxes by any Taxing Authority has been timely paid and there is no assessed deficiency, refund litigation, proposed adjustment or matter in controversy with respect to any Taxes due and owing by the Company or any Company Subsidiary. The federal income Tax Returns of the Company and each Company Subsidiary have been examined by the Internal Revenue Service or the relevant statute of limitations has closed for all years through 1997.

(d) There is no agreement or other document extending, or having the effect of extending, the period of assessment or collection of any material Taxes and no power of attorney with respect to any such Taxes has been executed or filed with any Taxing Authority by or on behalf of the Company or any Company Subsidiary.

(e) No material Liens for Taxes exist with respect to any assets or properties of the Company or any Company Subsidiary, except for statutory liens for Taxes not yet due.

(f) Neither the Company nor any Company Subsidiary is a party to or bound by any material Tax sharing agreement, material Tax indemnity obligation or similar material agreement or arrangement

with respect to Taxes (including any advance pricing agreement, closing agreement or other agreement relating to Taxes with any Taxing Authority), other than any such agreements (i) with customers, vendors, lessors or similar persons entered into in the ordinary course of business and (ii) among the Company and the Company Subsidiaries.

(g) Except as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, the Company and each Company Subsidiary has complied with all applicable Laws relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441, 1442, 3121 and 3402 of the Code or similar provisions under any federal, state or local, domestic or foreign, Laws) and has, within the time and the manner prescribed by applicable Law, withheld from and paid over to the proper Governmental Entities all amounts required to be so withheld and paid over under applicable Law.

(h) Neither the Company nor any Company Subsidiary is or has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

(i) Neither the Company nor any Company Subsidiary shall be required to include in a taxable period ending after the Closing Date taxable income attributable to income that accrued in a prior taxable period but was not recognized in any prior taxable period as a result of the installment method of accounting, the long-term contract method of accounting, the cash method of accounting or Section 481 of the Code or comparable provisions of state, local or foreign Tax law.

(j) Neither the Company nor any Company Subsidiary has participated in any "*listed transaction*" as defined in Treasury Regulation Section 1.6011-4.

SECTION 3.10 *Absence of Changes in Benefit Plans.* (a) From the date of the most recent audited financial statements included in the Filed Company SEC Documents to the date of this Agreement, neither the Company nor any Company Subsidiary has terminated, adopted, amended, modified or agreed to terminate, adopt, amend or modify (or announced an intention to terminate, adopt, amend or modify), in any material respect, any collective bargaining agreement or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock appreciation, restricted stock, stock repurchase rights, stock option, phantom stock, performance, retirement, thrift, savings, stock bonus, cafeteria, paid time off, perquisite, fringe benefit, vacation, severance, disability, death benefit, hospitalization, medical or other welfare benefit or other plan, program, arrangement or understanding, whether oral or written, formal or informal, funded or unfunded (whether or not legally binding), maintained, contributed to or required to be maintained or contributed to by the Company or any Company Subsidiary or any other person or entity that, together with the Company or any Company Subsidiary, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or any other applicable Law (each, a "*Commonly Controlled Entity*"), in each case providing benefits to any Participant and whether or not subject to United States law (all such plans, programs, arrangements and understandings, including any such plan, program, arrangement or understanding entered into or adopted on or after the date of this Agreement, "*Company Benefit Plans*") or has made any change, in any material respect, in any actuarial or other assumption used to calculate funding obligations with respect to any Company Benefit Plan that is a Company Pension Plan, or any change, in any material respect, in the manner in which contributions to any such Company Pension Plan are made or the basis on which such contributions are determined.

(b) Section 3.10 of the Company Disclosure Letter contains a complete and correct list of (i) any material employment, deferred compensation, severance, change in control, termination, employee benefit, loan (other than Participant loans under any Company Pension Plan that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code), indemnification, retention, stock repurchase, stock option, consulting or similar agreement, commitment or obligation between the Company or any Company Subsidiary, on the one hand, and any Participant, on the other hand, and (ii) any agreement between the Company or any Company Subsidiary, on the one hand, and any Participant, on the other hand, the benefits of which are contingent, or the terms of which are

materially altered, upon the occurrence of transactions involving the Company or any Company Subsidiary of the nature contemplated by this Agreement (all such agreements, collectively, the "*Company Benefit Agreements*").

SECTION 3.11 *ERISA Compliance; Excess Parachute Payments.*

(a) Section 3.11(a) of the Company Disclosure Letter contains a complete and correct list of all Company Benefit Plans that are "*employee pension benefit plans*" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")) (all such plans, collectively, the "*Company Pension Plans*") or "*employee welfare benefit plans*" (as defined in Section 3(1) of ERISA) and all other material Company Benefit Plans; provided, however, that no Company Benefit Agreement shall be deemed a Company Benefit Plan or listed in Section 3.11(a) of the Company Disclosure Letter. Each Company Benefit Plan has been administered in compliance with its terms and applicable Law, and the terms of any applicable collective bargaining agreements, except to the extent that the failure to comply with any such terms or Law, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. The Company has delivered or made available to Parent complete and correct copies of (i) each Company Benefit Plan and each Company Benefit Agreement (or, in the case of any unwritten Company Benefit Plan or Company Benefit Agreement, a description thereof), (ii) the most recent annual report on Form 5500 (including accompanying schedules and attachments) with respect to each Company Benefit Plan for which such a report is required, (iii) the most recent summary plan description for each Company Benefit Plan for which such summary plan description is required under ERISA, (iv) each material trust agreement and material group annuity contract relating to the funding or payment of benefits under any Company Benefit Plan, (v) the most recent determination or qualification letter issued by the Internal Revenue Service for each Company Benefit Plan intended to qualify for favorable tax treatment in the United States of America, as well as a true, correct and complete copy of each pending application for such letter, if applicable, and (vi) the most recent actuarial valuation, if applicable, for each Company Pension Plan.

(b) All Company Pension Plans intended to be tax qualified have been the subject of determination letters from the Internal Revenue Service with respect to all tax Law changes through the Economic Growth and Tax Relief Reconciliation Act of 2001 with respect to which a determination letter from the Internal Revenue Service can be obtained to the effect that such Company Pension Plans are qualified and exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and no such determination letter has been revoked nor, to the knowledge of the Company, has revocation been threatened, nor has any such Company Pension Plan been amended since the date of its most recent determination letter or application therefor in any respect that would adversely affect its qualification or materially increase its costs or require security under Section 307 of ERISA. All Company Pension Plans that are required to have been approved by any non-U.S. Governmental Entity have been so approved.

(c) Except as set forth in Section 3.11(c) of the Company Disclosure Letter, neither the Company nor any Commonly Controlled Entity has maintained, contributed to or been obligated to maintain or contribute to, or has any liability under, any Company Benefit Plan that is subject to Title IV of ERISA. With respect to the Maytag Corporation Employees Retirement Plan (the "*US Pension Plan*"), to the knowledge of the Company there has been no material adverse change in the financial condition of such plan from the date of the most recent audited financial statements included in the Filed Company SEC Documents to the date of this Agreement, assuming for such purpose that there has been no change in the discount rate used for purposes of valuing the liabilities of such plan from the discount rate applied in such financial statements. No liability under Title IV of ERISA (other than for premiums to the Pension Benefit Guaranty Corporation) has been or is expected to be incurred by the Company or any Company Subsidiary with respect to any ongoing, frozen or terminated "*single- employer*" plan (as defined in Section 4001(a)(15) of ERISA), currently or formerly maintained by any of them or by any Commonly Controlled Entity, except for any such liabilities that, individually or in

the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. None of the Company Pension Plans has an "*accumulated funding deficiency*" (as defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, nor has any waiver of the minimum funding standards of Section 302 of ERISA or Section 412 of the Code been requested. None of the Company, any Company Subsidiary, any employee of the Company or any Company Subsidiary or any of the Company Benefit Plans, including the Company Pension Plans, or any trusts created thereunder or any trustee, administrator or other fiduciary of any Company Benefit Plan or trust created thereunder, or any agents of the foregoing, has engaged in a "*prohibited transaction*" (as defined in Section 406 of ERISA or Section 4975 of the Code) that would be reasonably expected to subject the Company, any Company Subsidiary or any officer of the Company or any Company Subsidiary or any of the Company Benefit Plans, or, to the knowledge of the Company, any trusts created thereunder or any trustee or administrator of any Company Benefit Plan or trust created thereunder to the tax or penalty on prohibited transactions imposed by such Section 4975 of the Code or to the sanctions imposed under Title I of ERISA or to any other liability for breach of fiduciary duty under ERISA, except for any such prohibited transactions that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. No Company Pension Plan or related trust has been terminated during the last five years, nor has there been any "*reportable event*" (as defined in Section 4043 of ERISA), other than an event for which the 30-day notice period has been waived, with respect to any Company Pension Plan since January 1, 2004, and no notice of a reportable event will be required to be filed in connection with the Transactions. Neither the Company nor any Company Subsidiary has incurred any material liability that has not been satisfied in full as a result of a "*complete withdrawal*" or a "*partial withdrawal*" (as each such term is defined in Sections 4203 and 4205, respectively, of ERISA) during the past six years from any "*multiemployer plan*" within the meaning of Section 4001(a)(3) of ERISA.

(d) With respect to any Company Benefit Plan that is an employee welfare benefit plan, whether or not subject to ERISA, such Company Benefit Plan is either funded through an insurance company contract and is not a "*welfare benefits fund*" (as defined in Section 419(e) of the Code) or it is unfunded.

(e) Other than payments or benefits that may be made to the persons listed in Section 3.11(e) of the Company Disclosure Letter (each, a "*Primary Company Executive*"), no amount or other entitlement that could be received (whether in cash or property or the vesting of property) as a result of any of the Transactions (alone or in combination with any other event) by any Participant who is a "*disqualified individual*" (as defined in final Treasury Regulation Section 1.280G-1) (each, a "*Disqualified Individual*") under any Company Benefit Plan, Company Benefit Agreement or other compensation arrangement currently in effect would be an "*excess parachute payment*" (as defined in Section 280G(b)(1) of the Code) and no such Disqualified Individual is entitled to receive any additional payment (e.g., any tax gross-up or any other payment) from the Company, the Surviving Corporation or any other person in the event that the excise tax required by Section 4999(a) of the Code is imposed on such Disqualified Individual. The Company has provided Parent with calculations performed in 2004 by Hewitt Associates of the estimated amounts of compensation and benefits that could be received (whether in cash or property or the vesting of property) by certain Primary Company Executives as a result of a transaction of the nature contemplated by this Agreement (alone or in combination with any other event), and the "*base amount*" (as defined in Section 280G(b)(3) of the Code) for certain Primary Company Executives, in each case as of the date specified in such calculations and in accordance with the assumptions made by Hewitt Associates as set forth in such calculations. To the knowledge of the Company, the Company provided true and complete compensation and benefit information and data to Hewitt Associates necessary to perform such calculations, which information and data was correct in all material respects as of the date provided by the Company to Hewitt Associates.

(f) The execution and delivery by the Company of this Agreement do not, and the consummation of the Transactions and compliance with the terms hereof will not (either alone or in combination with any other event) (i) entitle any Participant to any additional compensation, severance, termination, change in control or other benefits or any benefits the value of which will be calculated on the basis of any of the Transactions (alone or in combination with any other event), (ii) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of any compensation, severance or other benefits under, or increase the amount payable or trigger any other material obligation pursuant to, any Company Benefit Plan or Company Benefit Agreement, or (iii) trigger the forgiveness of indebtedness owed by any Participant to the Company or any of its affiliates.

(g) Since January 1, 2004, and through the date of this Agreement, neither the Company nor any Company Subsidiary has received notice of, and, to the knowledge of the Company, there are no (i) material pending termination proceedings or other suits, claims (except claims for benefits payable in the normal operation of the Company Benefit Plans), actions or proceedings against or involving or asserting any rights or claims to benefits under any Company Benefit Plan or Company Benefit Agreement or (ii) pending investigations (other than routine inquiries) by any Governmental Entity with respect to any Company Benefit Plan or Company Benefit Agreement, except for any such suits, claims, proceedings or investigations that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. All contributions, premiums and benefit payments under or in connection with the Company Benefit Plans or Company Benefit Agreements that are required to have been made by the Company or any Company Subsidiary have been timely made, accrued or reserved for, except for failures to make, accrue or reserve for any such contributions, premiums and benefit payments that, individually or aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(h) Neither the Company nor any Company Subsidiary has any liability or obligations, including under or on account of a Company Benefit Plan or Company Benefit Agreement, arising out of the hiring of persons to provide services to the Company or any Company Subsidiary and treating such persons as consultants or independent contractors and not as employees of the Company or any Company Subsidiary, except for any such liabilities or obligations that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(i) The Agreement for the Trust for Maytag Corporation Non-Qualified Deferred Compensation Plans dated as of October 1, 2003 (the "*Trust Agreement*"), by and between the Company and KeyBank National Association, and each Plan (as such term is defined in the Trust Agreement) has been amended to provide that no funding shall be required in connection with the execution of this Agreement or the consummation of the Transactions. With respect to the Maytag Corporation Supplemental Retirement Plan II, the Maytag Corporation Deferred Compensation Plan II, their predecessor plans and any trust agreements relating to the payment of benefits under these plans, all necessary actions have been taken to ensure that no funding shall be required in connection with the execution of this Agreement or the consummation of the Transactions.

(j) Except for any items that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, (i) all Company Benefit Plans maintained primarily for the benefit of Participants principally employed in jurisdictions other than the United States of America (all such plans, collectively, the "*Non-U.S. Benefit Plans*") have been maintained in accordance with their terms and all applicable legal requirements, (ii) if any Non-U.S. Benefit Plan is intended to qualify for special tax treatment, such Non-U.S. Benefit Plan meets all requirements for such treatment, and (iii) the fair market value of the assets of each Non-U.S. Benefit Plan required to be funded, the liability of each insurer for any Non-U.S. Benefit Plan required to be funded, and the book reserve established for any Non-U.S. Benefit Plan, together with any accrued contributions, is sufficient to provide for the accrued benefit obligations under each Non-U.S. Benefit Plan.

SECTION 3.12 *Litigation.* There are no suits, actions or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Company Subsidiary (and the Company is not aware of any basis for any such suit, action or proceeding) that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect, nor are there any Judgments outstanding against the Company or any Company Subsidiary that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.13 *Compliance with Applicable Laws.* The Company and the Company Subsidiaries and their relevant personnel and operations are in compliance with all applicable Laws, including those relating to occupational health and safety, except for such failure to be in compliance as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any Company Subsidiary has received any written communication during the past two years from a Governmental Entity that alleges that the Company or a Company Subsidiary is not in compliance in any material respect with any applicable Law, except for such failure to be in compliance as, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. The Company and the Company Subsidiaries have in effect all permits, licenses, variances, exemptions, authorizations, operating certificates, franchises, orders and approvals of all Governmental Entities (collectively, "*Permits*"), necessary or advisable for them to own, lease or operate their properties and assets and to carry on their businesses as now conducted, except for such Permits the absence of which, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, and there has occurred no violation of, default (with or without the lapse of time or the giving of notice, or both) under, or event giving to others any right of termination, amendment or cancellation of, with or without notice or lapse of time or both, any such Permit, except for any such violations, defaults or events that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. There is no event which, to the knowledge of the Company, would reasonably be expected to result in the revocation, cancellation, non-renewal or adverse modification of any such Permit, except for any such events that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. This Section 3.13 does not relate to matters with respect to Taxes, which are the subject of Section 3.09.

SECTION 3.14 *Labor Matters.* Since January 1, 2004 to the date of this Agreement, neither the Company nor any Company Subsidiary has experienced any material labor strikes, union organization attempts, requests for representation, work slowdowns or stoppages or disputes due to labor disagreements, and to the knowledge of the Company there is currently no such action threatened against or affecting the Company or any Company Subsidiary. The Company and the Company Subsidiaries are each, and since January 1, 2002 have each been, in compliance with all applicable Laws with respect to labor relations, employment and employment practices, terms and conditions of employment and wages and hours, human rights, pay equity and workers compensation, except to the extent that the failure to comply with any such Law, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, and is not, and since January 1, 2002 has not, engaged in any unfair labor practice that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect. There is no unfair labor practice charge or complaint against the Company or any Company Subsidiary pending or, to the knowledge of the Company, threatened, in each case, before the National Labor Relations Board or any comparable federal, state, provincial or foreign agency or authority, except for any such charges or complaints that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. No grievance or arbitration proceeding arising out of a collective bargaining agreement is pending or, to the knowledge of the Company, threatened against the Company or any Company Subsidiary, except for any such grievances or proceedings that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.15 *Environmental Matters.*

(a) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, the Company and each of the Company Subsidiaries are, and have been, in compliance with all Environmental Laws, and neither the Company nor any of the Company Subsidiaries has received any written communication from a Governmental Entity that alleges that the Company or any of the Company Subsidiaries is in violation of, or has liability under, any Environmental Law.

(b) (i) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, the Company and each of the Company Subsidiaries have obtained and are in compliance with all material permits, licenses and governmental authorizations pursuant to Environmental Law (collectively "*Environmental Permits*") necessary for their operations as presently conducted, (ii) all such Environmental Permits are valid and in good standing and (iii) since January 1, 2003, neither the Company nor any of the Company Subsidiaries has been advised in writing by any Governmental Entity of any actual or potential change in the status or terms and conditions of any Environmental Permit.

(c) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, there are no Environmental Claims pending or, to the knowledge of the Company, threatened, against the Company or any of the Company Subsidiaries.

(d) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of the Company Subsidiaries has entered into or agreed to, or is otherwise subject to, any Judgment relating to any Environmental Law or to the investigation or remediation of Hazardous Materials.

(e) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, there has been no treatment, storage or Release of any Hazardous Material that would reasonably be expected to form the basis of any Environmental Claim against the Company or any of the Company Subsidiaries or against any person whose liabilities for such Environmental Claims the Company or any of the Company Subsidiaries has, or may have, retained or assumed, either contractually or by operation of law.

(f) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, there are no underground storage tanks at, on, under or about (i) any manufacturing facility owned, operated or leased by the Company or any Company Subsidiary, (ii) any other property owned by the Company or any Company Subsidiary or (iii) to the knowledge of the Company, any other property leased or operated by the Company or any Company Subsidiary.

(g) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, to the knowledge of the Company, any asbestos-containing material that is at, under or about property owned, operated or leased by the Company or any Company Subsidiary is non-friable or encapsulated and in good condition according to the generally accepted standards and practices governing such material, and its presence or condition does not violate or otherwise require abatement or removal pursuant to any applicable Environmental Law.

(h) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect, (i) neither the Company nor any of the Company Subsidiaries has retained or assumed, either contractually or by operation of law, any liabilities or obligations that would reasonably be expected to form the basis of any Environmental Claim against the Company or any of the Company Subsidiaries, and (ii) to the knowledge of the Company, no Environmental Claims are pending against any person whose liabilities for such Environmental Claims the Company or any of the Company Subsidiaries has, or may have, retained or assumed, either contractually or by operation of law.

(i) *Definitions*. As used in this Agreement:

(1) "*Environmental Claim*" means any and all administrative, regulatory or judicial actions, suits, orders, demands, directives, claims, liens, judgments, investigations, proceedings or written notices of noncompliance or violation by or from any person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from (x) the presence or Release of, or exposure to, any Hazardous Materials at any location; or (y) the failure to comply with any Environmental Law;

(2) "*Environmental Laws*" means all applicable federal, state, local and foreign laws, rules, regulations, orders, decrees, judgments, legally binding agreements or Environmental Permits issued, promulgated or entered into by or with any Governmental Entity, relating to pollution, natural resources or protection of endangered or threatened species, human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata);

(3) "*Hazardous Materials*" means (x) any petroleum or petroleum products, radioactive materials or wastes, asbestos in any form, urea formaldehyde foam insulation and polychlorinated biphenyls; and (y) any other chemical, material, substance or waste that in relevant form or concentration is prohibited, limited or regulated under any Environmental Law; and

(4) "*Release*" means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

SECTION 3.16 *Intellectual Property.* The Company and the Company Subsidiaries own, or are validly licensed or otherwise have the right to use, all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights, domain names and other proprietary intellectual property rights and computer programs (collectively, "*Intellectual Property Rights*") which are material to the conduct of the business of the Company and the Company Subsidiaries taken as a whole. No claims are pending or, to the knowledge of the Company, threatened that the Company or any Company Subsidiary is infringing or otherwise adversely affecting the rights of any person with regard to any Intellectual Property Right, except for any such claims that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. To the knowledge of the Company, no person is infringing the rights of the Company or any Company Subsidiary with respect to any Intellectual Property Right, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.17 *Brokers; Schedule of Fees and Expenses.* No broker, investment banker, financial advisor or other person, other than Lazard Frères & Co. LLC ("*Lazard*"), the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger and the other Transactions based upon arrangements made by or on behalf of the Company. The Company has furnished to Parent a true and complete copy of all agreements between the Company and Lazard relating to the Merger and the other Transactions.

SECTION 3.18 *Opinion of Financial Advisor.* The Company has received the opinion of Lazard, dated as of the date of the meeting of the Company Board referred to in Section 3.04(b), to the effect that, as of such date, the consideration to be received in the Merger by the holders of the Company Common Stock is fair from a financial point of view to such holders, a signed copy of which opinion shall be delivered to Parent as soon as reasonably practicable following the date of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND SUB

Parent and Sub, jointly and severally, represent and warrant to the Company that, except as set forth in the disclosure letter, dated as of the date of this Agreement, from Parent and Sub to the Company (the "*Parent Disclosure Letter*") or in any Parent SEC Document filed and publicly available prior to the date of this Agreement (each, a "*Filed Parent SEC Document*"):

SECTION 4.01 *Organization, Standing and Power.* Each of Parent and Sub (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, other than defects in such organization, existence or good standing that, individually and in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, and (b) has full corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, other than such corporate power and authority, franchises, permits, authorizations and approvals the lack of which, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.02 *Capital Structure.* The authorized capital stock of Parent consists of 250,000,000 shares of Parent Common Stock and 10,000,000 shares of preferred stock, par value $1.00 per share ("*Parent Preferred Stock*" and, together with the Parent Common Stock, the "*Parent Capital Stock*"). At the close of business on July 31, 2005, (i) 66,797,864 shares of Parent Common Stock (each together with a Parent Right) and no shares of Parent Preferred Stock were issued and outstanding, (ii) 23,729,728 shares of Parent Common Stock were held by Parent in its treasury, (iii) 5,878,756 shares of Parent Common Stock were reserved for issuance pursuant to outstanding options and other stock-based awards (other than shares of restricted stock or other equity based awards included in the number of shares of Parent Common Stock outstanding set forth above) and (iv) shares of Parent Preferred Stock reserved for issuance in connection with the rights (the "*Parent Rights*") issued pursuant to the Rights Agreement dated as of April 21, 1998 (as amended from time to time, the "*Parent Rights Agreement*"), between Parent and First Chicago Trust Company of New York, as Rights Agent. Except as set forth above, at the close of business on July 31, 2005, no shares of capital stock or other voting securities of Parent were issued, reserved for issuance or outstanding. During the period from July 31, 2005 to the date of this Agreement, (x) there have been no issuances by Parent of shares of capital stock or other voting securities of Parent other than issuances of shares of Parent Common Stock pursuant to the exercise of options and other stock-based awards outstanding on such date as required by their terms as in effect on the date of such issuance and (y) there have been no issuances by Parent of options, warrants or other rights to acquire shares of capital stock or other voting securities of Parent. All outstanding shares of Parent Capital Stock are, and all such shares that may be issued prior to the Effective Time will be when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the DGCL, the Restated Certificate of Incorporation of Parent (the "*Parent Charter*") and the Amended and Restated By-laws of Parent (the "*Parent By-laws*") or any Contract to which Parent is a party or otherwise bound. There are not any bonds, debentures, notes or other indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Parent Capital Stock may vote ("*Voting Parent Debt*"). Except as set forth above, as of the date of this Agreement, there are not any options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which Parent or any of Parent's subsidiaries (each, a "*Parent Subsidiary*") is a party or by which any of them is bound (i) obligating Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exercisable

for or exchangeable into any capital stock of or other equity interest in, Parent or any Parent Subsidiary or any Voting Parent Debt, (ii) obligating Parent or any Parent Subsidiary to issue, grant, extend or enter into any such option, warrant, call, right, security, unit, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of Parent Capital Stock. As of the date of this Agreement, there are not any outstanding contractual obligations of Parent or any Parent Subsidiary to repurchase, redeem or otherwise acquire any shares of capital stock of Parent or any Parent Subsidiary. Parent has made available to the Company a complete and correct copy of the Parent Rights Agreement, as amended to the date of this Agreement.

SECTION 4.03 *Sub.* (a) Since the date of its incorporation, Sub has not carried on any business, conducted any operations or incurred any obligations or liabilities other than (i) the execution of this Agreement and the other agreements referred to herein, (ii) the performance of its obligations hereunder and thereunder, and (iii) matters ancillary hereto and thereto.

(b) The authorized capital stock of Sub consists of 1,000 shares of common stock, par value $1.00 per share, all of which have been validly issued, are fully paid and nonassessable and are owned by Parent free and clear of any Lien.

(c) As of the date of this Agreement, except as set forth on Section 4.03(c) of the Parent Disclosure Letter, neither Parent nor Sub owns any shares of Company Common Stock. None of Parent or any of its affiliates is (i) an "*interested stockholder*" (as defined in Section 203 of the DGCL) of the Company or (ii) an "*Interested Shareholder*" or an "*Affiliate*" of an Interested Shareholder (as each such term is defined in Article Eleventh of the Company Charter).

SECTION 4.04 *Authority; Execution and Delivery; Enforceability.* Each of Parent and Sub has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the Merger and the other Transactions to be performed or consummated by Parent or Sub, as the case may be. The execution and delivery by each of Parent and Sub of this Agreement and the consummation by it of the Merger and the other Transactions to be performed or consummated by Parent or Sub, as the case may be, have been duly authorized by all necessary corporate action on the part of Parent and Sub. Parent, as sole stockholder of Sub, shall adopt this Agreement as soon as reasonably practicable following its execution. Each of Parent and Sub has duly executed and delivered this Agreement, and this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, and to general equity principles. To the Parent's knowledge, no state takeover statute or similar statute or regulation applies or purports to apply to Parent with respect to this Agreement, the Merger or any other Transaction.

SECTION 4.05 *No Conflicts; Consents.* (a) The execution and delivery by each of Parent and Sub of this Agreement, do not, and the consummation of the Merger and the other Transactions and compliance with the terms hereof will not, conflict with, or result in any violation of or default (with or without the lapse of time or the giving of notice, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Lien upon any of the properties or assets of Parent or any Parent Subsidiary under, any provision of (i) the Parent Charter or Parent By-laws or organizational documents of any Parent Subsidiaries, (ii) any Contract to which Parent or any of the Parent Subsidiaries is a party or by which any of their respective properties or assets is bound or (iii) subject to the filings and other matters referred to in Section 4.05(b), any Judgment or Law applicable to Parent or any Parent Subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

(b) No Consent of, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made by or with respect to Parent or any Parent Subsidiaries in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions, other than (i) compliance with and filings under the HSR Act, (ii) any additional Consents and filings under any Antitrust Law or under the Investment Canada Act (Canada), (iii) the filing with the SEC of (A) a Registration Statement on Form S-4 (the "*Form S-4*") relating to the issuance of the Parent Common Stock in the Merger and (B) such reports under, or other applicable requirements of, the Exchange Act, as may be required in connection with this Agreement, the Merger and the other Transactions, (iv) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (v) compliance with and such filings as may be required under applicable Environmental Laws, (vi) such filings as may be required in connection with the Taxes described in Section 6.09, (vii) filings under any applicable state takeover Law and (viii) such other items that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

(c) Parent and the Board of Directors of Parent (the "*Parent Board*") have taken all action necessary to (i) render the Parent Rights Agreement inapplicable to this Agreement, the Merger and the other Transactions and (ii) ensure that (A) neither Company nor any of its affiliates or associates is or will become an "*Acquiring Person*" (as defined in the Parent Rights Agreement) by reason of this Agreement, the Merger or any other Transaction, and (B) a "*Distribution Date*" or a "*Share Acquisition Date*" (as each such term is defined in the Parent Rights Agreement) shall not occur by reason of this Agreement, the Merger or any other Transaction.

SECTION 4.06 *SEC Documents; Undisclosed Liabilities.* (a) Parent has filed all reports, schedules, forms, statements and other documents required to be filed by Parent with the SEC since January 1, 2003 pursuant to Sections 13(a) and 15(d) of the Exchange Act (the "*Parent SEC Documents*").

(b) As of its respective date, each Parent SEC Document complied as to form in all material respects with the requirements of the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Document, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Filed Parent SEC Document has been revised or superseded by a later filed Filed Parent SEC Document, none of the Parent SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements of Parent included in the Parent SEC Documents (including the related notes and schedules thereto) comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present, in all material respects, the consolidated financial position of Parent and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Other than liabilities or obligations (i) disclosed or provided for in the financial statements included in the Filed Parent SEC Documents or (ii) incurred since June 30, 2005 in the ordinary course of business, neither Parent nor any Parent Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a consolidated balance sheet of Parent and its consolidated subsidiaries or in the notes thereto and that,

individually or in the aggregate, would reasonably be expected to have a Parent Material Adverse Effect.

(d) Each of the principal executive officer and the principal financial officer of Parent (or each former principal executive officer and former principal financial officer of Parent, as applicable) has made all certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act with respect to the Parent SEC Documents, and Parent has delivered to the Company a summary of any disclosure made by Parent's management to Parent's auditors and audit committee referred to in such certifications. For purposes of the preceding sentence, "*principal executive officer*" and "*principal financial officer*" shall have the meanings ascribed to such terms in the Sarbanes-Oxley Act.

(e) Parent has (i) designed and maintained disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to Parent, including its consolidated subsidiaries, that is required to be disclosed by Parent in the reports it files under the Exchange Act is made known to its principal executive officer and principal financial officer or other appropriate members of management as appropriate to allow timely decisions regarding required disclosure; (ii) designed and maintained a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including reasonable assurance (A) that transactions are executed in accordance with management's general or specific authorizations and recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability and (B) regarding prevention or timely detection of any unauthorized acquisition, use or disposition of assets that could have a material effect on Parent's financial statements; (iii) with the participation of Parent's principal executive and financial officers, completed an assessment of the effectiveness of Parent's internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2004, and such assessment concluded that such internal controls were effective using the framework specified in Parent's Annual Report on Form 10-K for such year ended; and (iv) to the extent required by applicable Law, disclosed in such report or in any amendment thereto any change in Parent's internal control over financial reporting that occurred during the period covered by such report or amendment that has materially affected, or is reasonably likely to materially affect, Parent's internal control over financial reporting.

(f) Parent has disclosed, based on the most recent evaluation of internal control over financial reporting, to Parent's auditors and the audit committee of the Parent Board (i) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal control over financial reporting. Parent has identified, based on the most recent evaluation of internal control over financial reporting, for Parent's auditors any material weaknesses in internal controls. Parent has provided to the Company true and correct copies of any of the foregoing disclosures to the auditors or audit committee that have been made in writing from January 1, 2003 through the date hereof, and will promptly provide the Company true and correct copies of any such disclosure that is made after the date hereof.

(g) None of the Parent Subsidiaries is, or has at any time since January 1, 2003 been, subject to the reporting requirements of Sections 13(a) and 15(d) of the Exchange Act.

(h) As of the date of this Agreement, to the knowledge of Parent, there is no applicable accounting rule, consensus or pronouncement that has been adopted by the SEC, the Financial Accounting Standards Board, the Emerging Issues Task Force or any similar body but that is not in effect as of the date of this Agreement that, if implemented, would reasonably be expected to have a Parent Material Adverse Effect.

(i) There are no pending (A) formal or, to the knowledge of Parent, informal investigations of Parent by the SEC, (B) to the knowledge of Parent, inspections of an audit of Parent's financial statements by the Public Company Accounting Oversight Board or (C) investigations by the audit committee of the Parent Board regarding any complaint, allegation, assertion or claim that Parent or any Parent Subsidiary has engaged in improper or illegal accounting or auditing practices or maintains improper or inadequate internal accounting controls. Parent will promptly provide to the Company information as to any such matters that arise after the date hereof.

(j) Since July 30, 2002, Parent has been in compliance in all material respects with the applicable requirements of the Sarbanes-Oxley Act in effect from time to time.

(k) Since the date of Parent's 2004 annual meeting of stockholders, Parent has been in compliance with the applicable corporate governance listing standards of the NYSE in all material respects.

SECTION 4.07 *Information Supplied.*

(a) None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in the Form S-4, and any amendments or supplements thereto, will, at the time it becomes effective under the Securities Act or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 will comply as to form in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations thereunder, except that no representation is made by Parent with respect to statements made or incorporated by reference therein based on information supplied by the Company in writing for inclusion or incorporation by reference therein.

(b) None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in the Proxy Statement or any amendment or supplement thereto will, at the date it is first mailed to the Company's Stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state a material fact required to be included in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) As of the opening of business on August 8, 2005, to the knowledge of Parent, Parent has delivered to the Company true and correct copies of all letters in its possession from Parent's trade customers, retail buying groups and retail dealer associations regarding Parent's proposed acquisition of the Company. As of the opening of business on August 8, 2005 and except as previously disclosed to the Company, Parent has no knowledge of any opposition of Parent's proposed acquisition of the Company by any trade customers, retail buying groups or retail dealer associations contacted by Parent in connection with the Merger.

SECTION 4.08 *Absence of Certain Changes or Events.* From the date of the most recent audited financial statements included in the Filed Parent SEC Documents to the date of this Agreement, Parent has conducted its business only in the ordinary course, and during such period there has not been:

(i) any event, change, effect, development, condition or occurrence that, individually or in the aggregate, would reasonably be expected to have a Parent Material Adverse Effect;

(ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Parent Common Stock or any repurchase for value by Parent of any Parent Common Stock, other than quarterly cash dividends with respect to the Parent Common Stock with usual declaration, record and payment dates;

(iii) any change in accounting methods, principles or practices by Parent or any Parent Subsidiary, except for any change which is not material or which is required by a change in GAAP or applicable Law;

(iv) any material elections with respect to Taxes by Parent or any Parent Subsidiary or settlement or compromise by Parent or any Parent Subsidiary of any material Tax liability or refund

(v) any damage, destruction or loss, whether or not covered by insurance, that, individually or in the aggregate, would reasonably be expected to have a Parent Material Adverse Effect; or

(vi) any revaluation by Parent or any Parent Subsidiary of any of the assets of Parent or any Parent Subsidiary, except insofar as may have been required by applicable Law or that would not reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.09 *Litigation.* There are no suits, actions or proceedings pending or, to the knowledge of Parent, threatened against or affecting Parent or any Parent Subsidiary (and Parent is not aware of any basis for any such suit, action or proceeding) that, individually or in the aggregate, would reasonably be expected to have a Parent Material Adverse Effect, nor are there any Judgments outstanding against Parent or any Parent Subsidiary that, individually or in the aggregate, would reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.10 *Compliance with Applicable Laws.* Parent and the Parent Subsidiaries and their relevant personnel and operations are in compliance with all applicable Laws, except for such failure to be in compliance as, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.11 *Environmental Matters.*

(a) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, Parent and each of the Parent Subsidiaries are, and have been, in compliance with all Environmental Laws, and neither Parent nor any of the Parent Subsidiaries has received any written communication from a Governmental Entity that alleges that Parent or any of the Parent Subsidiaries is in violation of, or has liability under, any Environmental Law.

(b) (i) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, Parent and each of the Parent Subsidiaries have obtained and are in compliance with all Environmental Permits necessary for their operations as presently conducted, (ii) all such Environmental Permits are valid and in good standing and (iii) since January 1, 2003, neither Parent nor any of the Parent Subsidiaries has been advised in writing by any Governmental Entity of any actual or potential change in the status or terms and conditions of any Environmental Permit.

(c) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, there are no Environmental Claims pending or, to the knowledge of Parent, threatened, against Parent or any of the Parent Subsidiaries.

(d) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, neither the Parent nor any of the Parent Subsidiaries has entered into or agreed to, or is otherwise subject to, any Judgment relating to any Environmental Law or to the investigation or remediation of Hazardous Materials.

(e) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, there has been no treatment, storage or Release of any Hazardous Material that would reasonably be expected to form the basis of any Environmental Claim against Parent or any of the Parent Subsidiaries or against any person whose liabilities for such Environmental Claims Parent or any of the Parent Subsidiaries has, or may have, retained or assumed, either contractually or by operation of law.

(f) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, there are no underground storage tanks at, on, under or about (i) any manufacturing facility owned, operated or leased by Parent or any Parent Subsidiary, (ii) any other property owned by the Parent or any Parent Subsidiary or (iii) to the knowledge of Parent, any other property leased or operated by Parent or any Parent Subsidiary.

(g) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, to the knowledge of Parent, any asbestos-containing material that is at, under or about property owned, operated or leased by Parent or any Parent Subsidiary is non-friable or encapsulated and in good condition according to the generally accepted standards and practices governing such material, and its presence or condition does not violate or otherwise require abatement or removal pursuant to any applicable Environmental Law.

(h) Except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect, (i) neither the Parent nor any of the Parent Subsidiaries has retained or assumed, either contractually or by operation of law, any liabilities or obligations that would reasonably be expected to form the basis of any Environmental Claim against Parent or any of the Parent Subsidiaries, and (ii) to the knowledge of Parent, no Environmental Claims are pending against any person whose liabilities for such Environmental Claims Parent or any of the Parent Subsidiaries has, or may have, retained or assumed, either contractually or by operation of law.

SECTION 4.12 *Intellectual Property.* Parent and the Parent Subsidiaries own, or are validly licensed or otherwise have the right to use, all Intellectual Property Rights which are material to the conduct of the business of Parent and the Parent Subsidiaries taken as a whole. No claims are pending or, to the knowledge of Parent, threatened that Parent or any Parent Subsidiary is infringing or otherwise adversely affecting the rights of any person with regard to any Intellectual Property Right, except for any such claims that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect. To the knowledge of Parent, no person is infringing the rights of Parent or any Parent Subsidiary with respect to any Intellectual Property Right, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.13 *Financing.* Parent has a sufficient amount of cash on hand or available borrowing capacity under existing loan agreements and a sufficient number of authorized shares of Parent Common Stock in order to pay the Merger Consideration in accordance with Article II.

SECTION 4.14 *Brokers; Schedule of Fees and Expenses.* No broker, investment banker, financial advisor or other person, other than Greenhill & Co. the fees and expenses of which will be paid by Parent, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger and the other Transactions based upon arrangements made by or on behalf of Parent.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

SECTION 5.01 *Conduct of Business.* (a) *Conduct of Business by the Company*. Except for matters set forth in Section 5.01(a) of the Company Disclosure Letter or otherwise expressly permitted by this Agreement, from the date of this Agreement to the Effective Time the Company shall, and shall cause each Company Subsidiary to, conduct its business in the ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use commercially reasonable best efforts to preserve intact its current business organization, keep available the services of its current officers and employees and keep its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with them. In addition, and without limiting the generality of the foregoing, except for matters set forth in Section 5.01(a) of the Company Disclosure Letter or otherwise expressly permitted by this Agreement, from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any Company Subsidiary to, do any of the following without the prior written consent of Parent:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions in respect of (in each case, whether in cash, stock or property), any of its capital stock, other than (1) dividends and distributions by a direct or indirect wholly owned Company Subsidiary to its parent and (2) quarterly cash dividends with respect to the Company Common Stock not in excess of $0.09 per share, with usual declaration, record and payment dates, (B) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, other than (1) any such issuance by a direct or indirect wholly owned Company Subsidiary to its parent and (2) as permitted under Section 5.01(a)(v), or (C) purchase, redeem or otherwise acquire any (1) shares of capital stock of the Company or any Company Subsidiary, (2) any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, except as permitted by Section 5.02(a)(viii), or (3) any options, warrants, rights, securities, units, commitments, contracts, arrangements or undertakings of any kind that give any person the right to receive any economic benefit and rights accruing to holders of capital stock of the Company or any Company Subsidiary;

(ii) except to the extent permitted under Section 5.01(a)(v), issue, deliver, sell or grant (A) any shares of its capital stock, (B) any Voting Company Debt or other voting securities, (C) any securities convertible into or exchangeable for, or any options, warrants or rights to acquire, any such shares, Voting Company Debt, voting securities or convertible or exchangeable securities, (D) any "phantom" stock, "phantom" stock rights, stock appreciation rights or stock-based performance units or (E) any options, warrants, rights, securities, units, commitments, Contracts, arrangements or undertakings of any kind that give any person the right to receive any economic benefits and rights accruing to holders of capital stock of the Company or any Company Subsidiary, other than the issuance of shares of its capital stock by a wholly owned Company Subsidiary to the Company or another wholly owned Company Subsidiary and other than the issuance of Company Common Stock (and associated Company Rights) (1) upon the exercise of Company Stock Options or rights under the ESPP outstanding as of the date of this Agreement and only if and to the extent required by their terms as in effect on the date of this Agreement and (2) with respect to rights outstanding as of the date of this Agreement under restricted stock units, performance stock rights and deferred compensation plans as set forth in Section 3.03 of the Company Disclosure Letter and only if and to the extent required by their terms in effect on the date of this Agreement;

(iii) amend its certificate of incorporation, by-laws or other comparable charter or organizational documents;

(iv) acquire or agree to acquire (A) by merging or consolidating with, or by purchasing a substantial equity interest in or portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof, except for acquisitions permitted by Section 5.01(a)(iv)(B) or 5.01(a)(ix), or (B) any assets that are material, individually or in the aggregate, to the Company and the Company Subsidiaries, taken as a whole, except (x) purchases of assets in the ordinary course of business consistent with past practice and (y) acquisitions of assets pursuant to capital expenditures in an amount not in excess of $200,000,000 in the aggregate (including expenditures pursuant to Section 5.01(a)(ix)) and taken together with all such expenditures made since January 1, 2005;

(v) except as required under applicable Law or the terms of any plan or agreement in effect on August 10, 2005, (A) grant to any Participant any loan or increase in compensation, except for any such increase in compensation (other than a base salary increase to a Primary Company Executive) made in the ordinary course of business consistent with past practice, (B) grant to any Participant any increase in severance, change in control or termination pay or benefits, or pay any bonus to any Participant, except for bonuses paid to Participants in the ordinary course of business consistent with past practice, (C) enter into any employment, change in control, loan, retention, consulting, indemnification, severance, termination or similar agreement with any Participant, except (x) in the ordinary course of business consistent with past practice in connection with new hires to replace departed key employees, (y) in the ordinary course of business consistent with past practice in connection with promotions made in the ordinary course of business consistent with past practice (except, in the case of clauses (x) and (y), any change in control agreements) and (z) for severance arrangements entered into with Participants (other than Excluded Participants) in the ordinary course of business consistent with past practice after consultation in good faith with Parent), (D) take any action to fund or in any other way secure the payment of compensation or benefits under any Company Benefit Plan or Company Benefit Agreement, (E) establish, adopt, enter into, terminate or amend any collective bargaining agreement or other labor union Contract, Company Benefit Plan or Company Benefit Agreement, (F) pay or provide to any Participant any benefit not provided for under a Company Benefit Plan or Company Benefit Agreement as in effect on August 10, 2005 other than the payment of compensation and severance in the ordinary course of business consistent with past practice, (G) grant any incentive awards under any Company Benefit Plan (including the grant of Company Stock Options, stock appreciation rights, performance units, performance shares, restricted stock, stock purchase rights or other stock-based or stock-related awards or the removal or modification of existing restrictions in any Contract, Company Benefit Plan or Company Benefit Agreement on incentive awards made thereunder), other than in the ordinary course of business consistent with past practice, or (H) take any action to accelerate any material rights or benefits, including vesting and payment, under any collective bargaining agreement, Company Benefit Plan or Company Benefit Agreement (for the avoidance of doubt, under no circumstances shall any voluntary contributions to the US Pension Plan not prohibited by Section 5.01(a)(xiii) be deemed prohibited under this Section 5.01(a)(v) or under any other sub-clause of this Section 5.01(a)); provided that under no circumstances shall this Section 5.01 be deemed to prohibit any of the following actions by the Company and its affiliates between the date hereof and the Closing Date (and the parties acknowledge that such actions shall be permitted during such period): (x) administration of the Company's annual bonus program in the ordinary course of business consistent with past practice (including determination and payment of 2005 bonuses and establishment and implementation of a plan for the 2006 calendar year), and (y) grants of Company Stock Options and restricted stock units and performance units in amounts and on terms consistent with past practice (it being agreed that aggregate grants of each type of

award in an amount that does not exceed the amount of such type that was granted in 2004 shall be conclusively deemed consistent with past practice), and implementation of a long-term incentive program for the 2006-2008 cycle with target amounts and terms consistent with those of the Cash LTIPs, each under the Company Stock Plans; and, provided, further, that between the date hereof and the Closing Date, the Company and its affiliates may negotiate in good faith a settlement with applicable labor unions with respect to grievances concerning the freezing of the ESPP, and provide compensation to the extent determined in good faith to be necessary to facilitate such a settlement;

(vi)

make any change in accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of the Company, except insofar as may have been required by a change in GAAP;

(vii)

sell, lease (as lessor), license or otherwise dispose of or subject to any Lien any material properties or assets, except (x) pursuant to contracts or agreements in effect as of August 10, 2005, (y) sales of assets in the ordinary course of business consistent with past practice or (z) sales of assets or properties in the commercial appliance segment; provided, in the case of clause (z), that such sale, lease, license or other disposition or subjection of Lien (1) is not consummated prior to the first anniversary of the date hereof, (2) any agreement for such sale is terminable if the Effective Time occurs prior to the first anniversary of the date hereof and (3) includes only the Dixie-Narco and/or Jade brands (solely with respect to such segment);

(viii)

(A) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person (other than any such indebtedness or guarantees among the Company and the direct or indirect wholly owned Company Subsidiaries or among the direct and indirect wholly owned Company Subsidiaries), issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any Company Subsidiary, guarantee any debt securities of another person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, provided that the Company may enter into a credit facility so long as the Company does not incur any indebtedness thereunder, except as permitted hereby, except, in the case of this clause (A) for (x) short-term borrowings (1) incurred in the ordinary course of business consistent with past practice or (2) for working capital purposes, (y) indebtedness incurred to refinance indebtedness existing on the date of this Agreement or (z) indebtedness incurred in connection with capital expenditures permitted by Section 5.01(a)(ix); or (B) make any loans, advances or capital contributions to, or investments in, any other person, other than to or in the Company or any direct or indirect wholly owned Company Subsidiary;

(ix)

make or agree to make any capital expenditures other than those capital expenditures in an amount not in excess of $200,000,000 in the aggregate (including expenditures pursuant to Section 5.01(a)(iv)) and taken together with all such expenditures made since January 1, 2005;

(x)

make or change any material Tax election or settle or compromise any material Tax liability or refund, other than in the ordinary course of business consistent with past practice or as required by applicable Law;

(xi) (A) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Filed Company SEC Documents or incurred in the ordinary course of business consistent with past practice, (B) cancel any material indebtedness (individually or in the aggregate) or waive any claims or rights of substantial value or (C) waive the benefits of, or agree to modify in any manner, any confidentiality or similar agreement (excluding any standstill provision in any such agreement) to which the Company or any Company Subsidiary is a party;

(xii) permit any insurance policy or arrangement naming or providing for it as a beneficiary or a loss payable payee to be canceled or terminated (unless such policy or arrangement is canceled or terminated in the ordinary course of business and concurrently replaced with a policy or arrangement with substantially similar coverage) or materially impaired;

(xiii) make any contributions to the US Pension Plan, except for (x) contributions of up to $70,000,000 from and after August 10, 2005 through December 31, 2005, (y) contributions of up to $100,000,000 during the 2006 calendar year and (z) with the consent of Parent (not to be unreasonably withheld), additional contributions of up to $100,000,000 during the 2006 calendar year;

(xiv) enter into any material agreement that is not terminable by the Company or a Company Subsidiary, without penalty, within one year from the date of entering into any such agreement;

(xv) renew, extend or amend any material agreement if doing so would cause such agreement to not be terminable by the Company or a Company Subsidiary, without penalty, within one year from the date of entering into any such renewal, extension or amendment; or

(xvi) authorize any of, or commit or agree to take any of, the foregoing actions.

For the purposes of this Section 5.01(a), "*Excluded Participants*" shall mean those Participants (1) listed in Items 1 and 2 of Section 3.10(b) of the Company Disclosure Letter or (2) that are otherwise employed with the Company at the level of director or at any more-senior level of employment.

(b) *Other Actions.* The Company shall not, and shall not permit any of the Company Subsidiaries to, take any action that would reasonably be expected to result in any condition to the Merger set forth in Article VII not being satisfied, except any action permitted by Section 5.02 or Section 8.01.

(c) *Advice of Changes.* The Company shall promptly advise Parent orally and in writing of any event, change, effect, development, condition or occurrence that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect.

(d) *Conduct of Business by Parent.* Except for matters set forth in Section 5.01(d) of the Parent Disclosure Letter or otherwise expressly permitted by this Agreement, from the date of this Agreement to the Effective Time Parent shall, and shall cause each Parent Subsidiary to, conduct its business in the ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use commercially reasonable best efforts to preserve intact its current business organization, keep available the services of its current officers and employees and keep its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with them. In addition, and without limiting the generality of the foregoing, except as otherwise expressly permitted by this Agreement, from the date of this Agreement to the Effective Time, Parent shall not, and shall not permit any Parent Subsidiary to, do any of the following without the prior written consent of the Company:

(i) declare, set aside or pay any dividends on, or make any other distributions in respect of (in each case, whether in cash, stock or property), any of its capital stock, other than

(1) dividends and distributions by a direct or indirect wholly owned Parent Subsidiary to its parent, (2) regular quarterly cash dividends with respect to the Parent Common Stock, with usual declaration, record and payment dates or (3) any distribution of stock or property for which adjustment is made pursuant to Section 2.01(e);

(ii) adopt or propose any change in its certificate of incorporation or by-laws or other comparable organizational documents in a manner that would adversely affect the economic benefits of the Merger or the other Transactions to the Company's stockholders;

(iii) engage in any merger, consolidation, share exchange, business combination, reorganization, recapitalization or other similar transaction unless Parent is the surviving or resulting corporation, the shareholders of Parent prior to such transaction own, directly or indirectly, a majority of the voting common equity interests in the surviving or resulting corporation and such voting common equity interests are publicly traded;

(iv) take any action that would be reasonably likely to prevent, hinder or delay the consummation of the Merger or the other Transactions; or

(v) authorize any of, or commit or agree to take any of, the foregoing actions.

SECTION 5.02 *No Solicitation.* (a) Subject to Section 5.02(b), from the date hereof until the earlier of the Effective Time and the termination of this Agreement pursuant to Article VIII, the Company shall not, nor shall it authorize or permit any Company Subsidiary to, and the Company shall direct and use its reasonable best efforts to cause any officer, director or employee of, or any investment banker, attorney or other advisor or representative (collectively, "*Representatives*") of the Company or any Company Subsidiary not to, (i) directly or indirectly solicit, initiate or encourage the submission of any Company Takeover Proposal, (ii) enter into any agreement with respect to any Company Takeover Proposal, except as contemplated by Section 5.02(b), or (iii) directly or indirectly participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or knowingly take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Company Takeover Proposal. Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in the preceding sentence by any Representative of the Company or any Company Subsidiary, whether or not such person is purporting to act on behalf of the Company or any Company Subsidiary or otherwise, shall be deemed to be a breach of this Section 5.02(a) by the Company. On the date hereof, the Company shall immediately cease and cause to be terminated any existing solicitation, encouragement, discussion, negotiation or other action conducted by the Company, any Company Subsidiary or any of their respective Representatives with respect to a Company Takeover Proposal.

(b) Notwithstanding anything to the contrary in Section 5.02(a), from the date hereof and prior to the receipt of the Company Stockholder Approval, the Company may, in response to an unsolicited Company Takeover Proposal which did not result from a breach of Section 5.02(a) and which the Company Board determines, in good faith, after consultation with outside counsel and financial advisors, may reasonably be expected to lead to a transaction (i) more favorable from a financial point of view to the holders of Company Common Stock than the Merger, taking into account all the terms and conditions of such proposal, and this Agreement (including any amendment to the terms of this Agreement and the Merger in effect as of the date of such determination) and (ii) that is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal, and subject to compliance with Section 5.02(d), (x) furnish information with respect to the Company and the Company Subsidiaries to the person making such Company Takeover Proposal and its Representatives pursuant to a customary confidentiality agreement not less restrictive of the other party than the Confidentiality Agreement (excluding the provisions of the tenth and eleventh paragraphs thereof) and (y) participate in discussions or negotiations with such person and its Representatives regarding any Company Takeover Proposal; provided, however, that the Company shall promptly provide to Parent any non-public information concerning the Company or any Company

Subsidiary that is provided to the person making such Company Takeover Proposal or its Representatives which was not previously provided to Parent, other than any Competitively Sensitive Information.

(c) Subject to Section 8.01(e), neither the Company Board nor any committee thereof shall (i) withdraw or modify in a manner adverse to Parent or Sub, or publicly propose to withdraw or modify in a manner adverse to Parent or Sub, the approval or recommendation by the Company Board or any such committee of this Agreement or the Merger, (ii) approve any letter of intent, agreement in principle, acquisition agreement or similar agreement relating to any Company Takeover Proposal or (iii) approve or recommend, or publicly propose to approve or recommend, any Company Takeover Proposal. Notwithstanding the foregoing, if, prior to receipt of the Company Stockholder Approval, the Company Board determines in good faith, after consultation with outside counsel, that failure to so withdraw or modify its recommendation of the Merger and this Agreement would be inconsistent with the Company Board's exercise of its fiduciary duties, the Company Board or any committee thereof may withdraw or modify its recommendation of the Merger and this Agreement.

(d) The Company promptly shall advise Parent orally and in writing of any Company Takeover Proposal or any inquiry with respect to or that would reasonably be expected to lead to any Company Takeover Proposal, the identity of the person making any such Company Takeover Proposal or inquiry and the material terms of any such Company Takeover Proposal or inquiry. The Company shall keep Parent reasonably informed of the status (including any change to the terms thereof) of any such Company Takeover Proposal or inquiry.

(e) Nothing contained in this Section 5.02 shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any required disclosure to the Company's stockholders if, in the good faith judgment of the Company Board, after consultation with outside counsel, failure so to disclose would be inconsistent with its obligations under applicable Law.

(f) For purposes of this Agreement:

"*Company Takeover Proposal*" means (i) any proposal or offer for a merger, consolidation, dissolution, recapitalization or other business combination involving the Company, (ii) any proposal for the issuance by the Company of over 20% of its equity securities as consideration for the assets or securities of another person or (iii) any proposal or offer to acquire in any manner, directly or indirectly, over 20% of the equity securities or consolidated total assets of the Company, in each case other than the Merger.

"*Superior Company Proposal*" means any proposal made by a third party to acquire all or substantially all the equity securities or assets of the Company, pursuant to a tender or exchange offer, a merger, a consolidation, a liquidation or dissolution, a recapitalization, a sale of all or substantially all its assets or otherwise, (i) on terms which the Company Board determines in good faith, after consultation with the Company's outside legal counsel and financial advisors, to be more favorable from a financial point of view to the holders of Company Common Stock than the Merger, taking into account all the terms and conditions of such proposal, and this Agreement (including any proposal by Parent to amend the terms of this Agreement and the Merger) and (ii) that is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal; provided that the Company Board shall not so determine that any such proposal is a Superior Company Proposal prior to the time that is 48 hours after the time at which the Company has complied in all material respects with Section 5.02(d) with respect to such proposal.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.01 *Preparation of Proxy Statement and Form S-4; Stockholders Meeting.* (a) As promptly as practicable following the date of this Agreement, Parent and the Company shall prepare, and Parent

shall file with the SEC, the Form S-4, in which the Proxy Statement will be included as a prospectus, and each of the Company and Parent shall use its reasonable best efforts to respond as promptly as practicable to any comments of the SEC with respect thereto. Each of Parent and the Company shall use all reasonable best efforts to have the Form S-4 declared effective under the Securities Act, and for the Proxy Statement to be cleared by the SEC and its staff under the Exchange Act, as promptly as practicable after such filing. Without limiting any other provision herein, the Form S-4 and the Proxy Statement will contain such information and disclosure reasonably requested by either Parent or the Company so that the Form S-4 conforms in form and substance to the requirements of the Securities Act and the Proxy Statement conforms in form and substance to the requirements of the Exchange Act. The Company shall use its reasonable best efforts to cause the Proxy Statement to be mailed to holders of Company Common Stock as promptly as practicable after the Form S-4 is declared effective under the Securities Act.

(b) Each of the Company and Parent shall promptly notify the other of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Form S-4 or Proxy Statement or for additional information and shall supply the other with copies of all correspondence between the Company or any of its representatives or Parent or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Form S-4 or the Proxy Statement. The Company and Parent shall cooperate with each other and provide to each other all information necessary in order to prepare the Form S-4 and the Proxy Statement as expeditiously as practicable.

(c) If at any time prior to the Effective Time there shall occur (i) any event with respect to the Company or any of Company Subsidiaries, or with respect to other information supplied by Company for inclusion in the Form S-4 or the Proxy Statement, or (ii) any event with respect to Parent, or with respect to information supplied by Parent for inclusion in the Form S-4 or the Proxy Statement, in either case, which event is required to be described in an amendment of or a supplement to the Form S-4 or the Proxy Statement, such event shall be so described, and such amendment or supplement shall be promptly filed with the SEC and, as required by Law, disseminated to the stockholders of the Company.

(d) The Company shall, as soon as practicable following the date the Form S-4 is declared effective under the Securities Act, duly call, give notice of, convene and hold a meeting of its stockholders (the "*Company Stockholders Meeting*") for the purpose of seeking the Company Stockholder Approval. The Company shall, through the Company Board, recommend to its stockholders that they give the Company Stockholder Approval, except to the extent that the Company Board shall have withdrawn or modified its recommendation of this Agreement or the Merger as permitted by Section 5.02(c). Without limiting the generality of the foregoing, the Company agrees that its obligations pursuant to the first sentence of this Section 6.01(d) shall not be affected by (i) the commencement, public proposal, public disclosure or communication to the Company of any Company Takeover Proposal or (ii) the withdrawal or modification by the Company Board of its recommendation of this Agreement or the Merger.

SECTION 6.02 *Access to Information; Confidentiality.*

(a) Subject to compliance with applicable Law, the Company and Parent shall, and shall cause each of their respective subsidiaries to, afford to the other party and its officers, employees, accountants, counsel, financial advisors and other representatives, reasonable access during normal business hours during the period prior to the Effective Time to all their respective properties, books, contracts, commitments, personnel and records and, during such period, shall, and shall cause each of their respective subsidiaries to, furnish promptly to the other party (i) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal or state securities laws and (ii) all other information concerning its business, properties and personnel as the other party may reasonably request and receive consistent with the provisions of applicable Law. All information exchanged pursuant to this Section 6.02 shall be subject to the

confidentiality agreement dated July 26, 2005 between the Company and Parent (the "*Confidentiality Agreement*"). Notwithstanding anything to the contrary contained in this Section 6.02, the Company and Parent shall not be obligated, and shall not be obligated to cause any of their respective subsidiaries, to afford the other party or its officers, employees, accountants, counsel, financial advisors or other representatives, any access to any properties, books, contracts, commitments, personnel or records relating to, or in respect of, any forward product plans, product specific cost information, pricing information, customer specific information, merchandising information, or other similar competitively sensitive information ("*Competitively Sensitive Information*").

(b) To the extent not already done, the Company shall promptly upon execution of this Agreement request each person that has heretofore executed a confidentiality or non-disclosure agreement in connection with its consideration of acquiring the Company or any of the Company Subsidiaries to return (or certify in writing the destruction of) all materials containing confidential information and copies thereof furnished to such person by or on behalf of the Company or any of the Company Subsidiaries.

SECTION 6.03 *Reasonable Best Efforts; Notification.* (a) Upon the terms and subject to the conditions set forth in this Agreement (including, without limitation, those contained in Sections 6.03(b) and (c)), each of the parties shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other Transactions, including (i) the obtaining of all necessary actions or nonactions, waivers, consents and approvals from Governmental Entities and the making of all necessary registrations and filings (including filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary Consents or waivers from third parties, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions, including seeking to have vacated or reversed any decree, order or judgment entered by any court or other Governmental Entity that would restrain, prevent or delay the Closing and (iv) the execution and delivery of any additional instruments necessary to consummate the Transactions and to fully carry out the purposes of this Agreement. In connection with and without limiting the foregoing, the Company and the Company Board shall (i) use their reasonable best efforts to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to any Transaction or this Agreement and (ii) if any state takeover statute or similar statute or regulation becomes applicable to this Agreement, use their reasonable best efforts to ensure that the Merger and the other Transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other Transactions. Parent will take all action necessary to cause Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement. Subject to applicable Law relating to the exchange of information, the Company and Parent and their respective counsel shall (i) have the right to review in advance, and to the extent practicable each shall consult the other on, any filing made with, or written materials to be submitted to, any Governmental Entity in connection with the Merger and the other Transactions, (ii) promptly inform each other of any communication (or other correspondence or memoranda) received from, or given to, the U.S. Department of Justice, the U.S. Federal Trade Commission, or any other Governmental Antitrust Entity and (iii) furnish each other with copies of all correspondence, filings and written communications between them or their subsidiaries or affiliates, on the one hand, and any Governmental Entity or its respective staff, on the other hand, with respect to this Agreement and the Merger. The Company and Parent shall, to the extent practicable, provide the other party and its counsel with advance notice of and the opportunity to participate in any discussion, telephone call or meeting with any Governmental Entity in respect of any filing, investigation or other inquiry in

connection with the Merger or the other Transactions and to participate in the preparation for such discussion, telephone call or meeting. The Company and Parent may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section 6.03 as "Antitrust Counsel Only Material" (as defined in the Confidentiality Agreement). Notwithstanding anything to the contrary in this Section 6.03, materials provided to the other party or its counsel may be redacted to remove references concerning the valuation of the Company and its Subsidiaries.

(b) (i) Without limiting the generality of the undertakings pursuant to this Section 6.03, the parties hereto shall provide or cause to be provided as promptly as practicable to Governmental Entities with regulatory jurisdiction over enforcement of any applicable federal, state, local or foreign antitrust, competition, premerger notification or trade regulation law, regulation or order ("*Antitrust Laws*" and each such Governmental Entity, a "*Governmental Antitrust Entity*") information and documents requested by any Governmental Antitrust Entity or necessary, proper or advisable to permit consummation of the Transactions, including preparing and filing any notification and report form and related material required under the HSR Act and any additional Consents and filings under any Antitrust Laws as promptly as practicable following the date of this Agreement (but in no event more than five business days from the date hereof) and thereafter to respond as promptly as practicable to any request for additional information or documentary material that may be made under the HSR Act and any additional Consents and filings under any Antitrust Laws; (ii) the parties shall use their best efforts to take such actions as are necessary or advisable to obtain prompt approval of consummation of the Transactions by any Governmental Antitrust Entity; and (iii) the parties shall use their best efforts to resolve any objections and challenges, including by contest through litigation on the merits, negotiation or other action, that may be asserted by any Governmental Antitrust Entity with respect to the transaction contemplated by this Agreement under the HSR Act and any Antitrust Laws.

(c) Notwithstanding anything in this Agreement to the contrary, in no event will Parent or Sub be obligated to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, to accept any operational restriction, or take any other action that, in the reasonable judgment of Parent, could be expected to limit the right of Parent or the Surviving Corporation to own or operate all or any portion of their respective businesses or assets. With regard to any Governmental Antitrust Entity, neither the Company nor any Company Subsidiary (or any of their respective affiliates) shall, without Parent's prior written consent in Parent's sole discretion, discuss or commit to any divestiture transaction, or discuss or commit to alter their businesses or commercial practices in any way, or otherwise take or commit to take any action that limits the Parent's freedom of action with respect to, or the Parent's ability to retain any of the businesses, product lines or assets of, the Surviving Corporation or otherwise receive the full benefits of this Agreement.

(d) The Company shall give prompt notice to Parent, and Parent or Sub shall give prompt notice to the Company, of (i) any representation or warranty made by it contained in this Agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified becoming untrue or inaccurate in any material respect or (ii) the failure by it to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

(e) As soon as reasonably practicable following the execution of this Agreement, Parent, in its capacity as the sole stockholder of Sub, shall adopt this Agreement.

SECTION 6.04 *ESPP.* As soon as practicable following the date of this Agreement, the Company Board (or, if appropriate, any committee of the Company Board administering the ESPP) shall adopt such resolutions or take such other actions as may be required to provide that with respect to the ESPP no purchase period shall be commenced after the date of this Agreement.

SECTION 6.05 *Benefit Plans.* (a) Subject to all applicable collective bargaining agreements, from the Effective Time through December 31, 2006, except as set forth below, Parent shall provide or cause the Surviving Corporation to provide to employees of the Company and the Company Subsidiaries who remain employed by the Surviving Corporation and its subsidiaries compensation and employee benefits that, taken as a whole, are comparable in the aggregate to those provided to such employees immediately prior to the Effective Time (it being understood and agreed that modifications to Company Benefit Plans that have been announced to participants or planned and otherwise disclosed to Parent but not yet implemented as of the Effective Time shall be taken into account for purposes of the foregoing). Without limiting the foregoing, Parent agrees that, with respect to service through December 31, 2006, it shall, or shall cause the Surviving Corporation to, maintain the employer matching contribution component of the Maytag Corporation Salary Savings Plan without reduction. Parent and the Company agree and acknowledge that consummation of the Transactions shall constitute a "change of control" for purposes of each applicable Company Benefit Plan and Company Benefit Agreement. Nothing herein shall be construed to prohibit Parent or the Surviving Corporation from amending or terminating any Company Benefit Plan in accordance with the terms thereof and with applicable Law, so long as they comply with the requirements of this Section 6.05.

(b) From and after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, honor in accordance with their respective terms (as in effect on August 10, 2005), all the Company Benefit Plans and Company Benefit Agreements disclosed in Sections 3.10(b) and 3.11(a) of the Company Disclosure Letter (subject, in each case, to the right of Parent or the Surviving Corporation to amend or terminate any Company Benefit Plan or Company Benefit Agreement in accordance with the terms thereof and with applicable Law). For purposes of eligibility, vesting and benefit accrual (other than benefit accrual under defined benefit pension plans) under the employee benefit plans of Parent and its subsidiaries providing benefits after the Effective Time to any employee of the Company or any Company Subsidiary immediately prior to the Effective Time (all such plans, collectively, the "*New Plans*"), each such employee shall be credited with all years of service for which such employee was credited before the Effective Time under any comparable Company Benefit Plans, except where such crediting would lead to a duplication of benefits or to the extent such service credit is not provided under a newly adopted plan to similarly situated employees of Parent who were never employees of the Company and its affiliates. In addition and without limiting the generality of the foregoing, (i) Parent shall use its commercially reasonable efforts to cause each employee of the Company or any Company Subsidiary as of the Effective Time to be immediately eligible to participate, without any waiting period, in any and all New Plans to the extent coverage under any such New Plan replaces coverage under a comparable Company Benefit Plan in which such employee participated immediately prior to the Effective Time (all such plans, collectively, the "*Old Plans*"), (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any such employee, Parent shall use its commercially reasonable efforts to cause all pre-existing condition exclusions, limitations and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependent (to the extent such exclusions, limitations and actively-at-work requirements were waived or satisfied as of the Effective Time under the corresponding Old Plan) and (iii) all deductibles, coinsurance and maximum out-of-pocket expenses incurred by such employee and his or her covered dependents under any Old Plan during the portion of the plan year of such Old Plan ending on the date such employee's participation in the corresponding New Plan begins shall be taken into account under such New Plan for purposes of satisfying all deductible, co-insurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) Nothing contained herein shall be construed as requiring Parent or the Surviving Corporation to continue the employment of any specific person.

(d) The Company may provide up to the Retention Amount as a retention pool (the "*Retention Pool*") for the purposes of retaining the services of employees of the Company and the Company Subsidiaries ("*Company Employees*") who are key employees. The Chief Executive Officer of the Company shall determine in his sole discretion, subject to approval by (i) the Company Board (or the Compensation Committee thereof) and (ii) Parent (whose approval shall not be unreasonably withheld), the Company Employees eligible to receive retention awards from the Retention Pool (who shall not include Primary Company Executives) (each, a "*Retention Bonus*"), the amounts of the Retention Bonus, individually and in the aggregate, and any criteria for payment of the Retention Bonus. Any Retention Bonus shall be intended to retain the services of the recipient through, and shall be payable (if such recipient still remains employed by the Company and the Company Subsidiaries at such time) as soon as practicable following (but in no event more than 30 days following) the first to occur of (x) the 90th day following the Closing Date or (y) if this Agreement is terminated pursuant to Section 8.01 hereof, the date of such termination (such first to occur, the "*Vesting Date*"); provided that such Retention Bonus shall be payable in the event that the applicable recipient's employment has been terminated (i) prior to the Closing Date without cause by mutual agreement of Parent and the Company, (ii) following the Closing Date but prior to the date of payment of Retention Bonuses without cause (or by the applicable recipient in a termination otherwise entitling such recipient to severance), or (iii) due to death or long-term disability. In the event this Agreement is terminated pursuant to Section 8.01(a), (b) or (f) hereof, Parent shall be solely responsible for making payments of Retention Bonuses, and shall indemnify and hold harmless the Company and its affiliates in connection with such bonuses. For purposes of this Agreement, the Retention Amount shall equal the product of (x) $15,000,000 times (y) a fraction, the numerator of which is the number of days from the date hereof through the earlier of the Vesting Date and the Closing Date and the denominator of which is the number of days from the date hereof through December 31, 2006.

(e) In the event that the Closing Date occurs prior to payment of annual bonuses for the 2005 calendar year, Parent shall cause the Surviving Corporation to continue to maintain and honor the Company's 2005 annual bonus plans set forth in Section 6.05(e) of the Company Disclosure Letter (the "*2005 Bonus Plans*") for the 2005 calendar year and to pay Company Employees the bonus amounts due under such 2005 Bonus Plans pursuant to the objective formulae set forth therein (including formulae approved thereunder by the Company or the Company Board, or a committee thereof, prior to August 10, 2005 and previously provided to Parent), based on the performance of the Company and its operating units, without adjusting such total for individual performance. If the Effective Date has not occurred prior to or on December 31, 2005, the Company may establish annual bonus plans ("*2006 Bonus Plans*") for the 2006 calendar year on terms consistent with past practice. If the Effective Date occurs during the 2006 calendar year, (x) Parent will pay, as soon as practicable following the Effective Time, prorated bonuses (prorated to the Effective Time) to Company Employees who were employed as of the Effective Time, assuming for purposes of such prorated bonuses that all performance measures relevant to the determination of bonuses under such 2006 Bonus Plans shall be deemed to have been met for the period beginning on January 1, 2006 and ending on the Closing Date, and (y) Parent shall implement a bonus plan for purposes of bonuses for Company Employees for the balance of the 2006 calendar year. Company performance in respect of calculations to be made under the 2005 Bonus Plans and 2006 Bonus Plans shall be calculated without taking into account any expenses or costs related to or arising out of the Transactions or any non-recurring charges that would not reasonably be expected to have been incurred had the Transactions not occurred.

(f) From the Effective Time through December 31, 2006, (i) Company Employees below the level of Director shall continue to participate in the Maytag Corporation Separation Pay and Benefits Plan (the "*Severance Plan*"), (ii) Company Employees at the levels of Director and above shall be eligible

for severance benefits pursuant to the plan set forth in Section 6.05(f) of the Company Disclosure Letter and (iii) none of the Severance Plan, the Maytag Corporation Separation of Employment Plan or the plan set forth in Section 6.05(f) of the Company Disclosure Letter shall be amended in any manner adverse to the Company Employees.

SECTION 6.06 *Indemnification.* (a) Parent shall, to the fullest extent permitted by Law, cause the Surviving Corporation to honor all the Company's obligations to indemnify the current or former directors or officers of the Company for acts or omissions by such directors and officers occurring prior to the Effective Time to the extent that such obligations of the Company exist on the date of this Agreement, whether pursuant to the Company Charter, the Company By-laws or individual indemnity agreements, and such obligations shall survive the Merger and shall continue in full force and effect in accordance with the terms of the Company Charter, the Company By-laws and such individual indemnity agreements from the Effective Time until the expiration of the applicable statute of limitations with respect to any claims against such directors or officers arising out of such acts or omissions. Parent shall, to the fullest extent permitted by Law, cause the Surviving Corporation to advance funds for expenses incurred by a director or officer in defending a civil or criminal action, suit or proceeding relating to the indemnification obligations referenced in the immediately preceding sentence in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall be ultimately determined that he or she is not entitled to the indemnification referenced in the immediately preceding sentence.

(b) For a period of six years after the Effective Time, Parent shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by the Company (provided that Parent may substitute therefor policies purchased by Parent or the Surviving Corporation, at the sole election of Parent, with reputable and financially sound carriers of at least the same coverage and amounts containing terms and conditions which are no less advantageous) with respect to claims arising from or related to facts or events which occurred at or before the Effective Time; provided, however, that Parent or the Surviving Corporation shall not be obligated to make annual premium payments for such insurance to the extent such premiums exceed 300% of the annual premiums paid as of the date hereof by the Company for such insurance (such 300% amount, the "*Maximum Premium*"). If such insurance coverage cannot be obtained at all, or can only be obtained at an annual premium in excess of the Maximum Premium, Parent shall maintain the most advantageous policies of directors' and officers' insurance obtainable for an annual premium equal to the Maximum Premium. The Company represents to Parent that the Maximum Premium is $3,696,000.

SECTION 6.07 *Fees and Expenses.* (a) Except as provided in this Section 6.07, all fees and expenses incurred in connection with the Merger and the other Transactions shall be paid by the party incurring such fees or expenses, whether or not the Merger is consummated, except for (i) expenses incurred in connection with printing, mailing and filing the Form S-4 and the Proxy Statement and (ii) all fees paid in respect of filings made by the Company and Parent pursuant to the HSR Act in connection with the Merger, with the expenses and fees referred to in clauses (i) and (ii) to be borne by Parent.

(b) The Company shall pay to Parent a fee of $60,000,000 and shall reimburse Parent for its payment to the Company of $40,000,000 in connection with the Company's termination of that certain Agreement and Plan of Merger, dated as of May 19, 2005, by and among Triton Acquisition Holding Co. ("*Triton*"), Triton Acquisition Co. and the Company (the "*Triton Agreement*") if: (i) Parent terminates this Agreement pursuant to Section 8.01(d); (ii) (A) after the date of this Agreement and prior to the termination of this Agreement pursuant to Article VIII, any person makes a Company Takeover Proposal or amends a Company Takeover Proposal made prior to the date of this Agreement, (B) this Agreement is terminated by either the Company or Parent pursuant to Section 8.01(b)(i) (and prior to such termination the Company shall have breached or failed to perform any of its covenants or

agreements set forth in this Agreement) or 8.01(b)(iii) (but only if a Company Takeover Proposal is publicly announced at or prior to the time of the Company Stockholders Meeting) or by Parent pursuant to Section 8.01(c) and (C) within 12 months after the date of such termination the Company enters into a definitive agreement to consummate, or consummates, the transactions contemplated by a Company Takeover Proposal; or (iii) the Company terminates this Agreement pursuant to Section 8.01(e). The Company shall (i) pay to Parent a fee of $60,000,000 if Parent terminates this Agreement pursuant to Section 8.01(c) by reason of the Company knowingly breaching its obligations under Section 5.02 (unless such breach of Section 5.02 has only an immaterial effect on Parent) and (ii) in such event, if the circumstance described in clause (ii) (C) of the immediately preceding sentence occurs, also reimburse Parent for its payment to the Company of $40,000,000 in connection with the Company's termination of the Triton Agreement. Any amounts due under this Section 6.07(b) shall be paid by wire transfer of same-day funds on the date of termination of this Agreement (except that in the case of termination pursuant to clause (ii) of either of the first or second sentence of this Section 6.07(b), such payment shall be made on the date of execution of such definitive agreement or, if earlier, consummation of such transactions and in the case of termination pursuant to the immediately preceding sentence, such payment shall be made on or before the fifth business day following such termination). Solely for the purposes of clause (ii) of each of the first and second sentences of this Section 6.07(b), the term "*Company Takeover Proposal*" shall have the meaning assigned to such term in Section 5.02(f), except that all references to "*20%*" shall be changed to "*40%*". The Company acknowledges that the agreements contained in this Section 6.07(b) are an integral part of the Transactions, and that, without these agreements, Parent would not enter into this Agreement; accordingly, if the Company fails promptly to pay the amounts due pursuant to this Section 6.07(b), and, in order to obtain such payment, Parent commences a suit that results in a judgment against the Company for the amounts set forth in this Section 6.07(b), the Company shall pay to Parent interest on the amounts set forth in this Section 6.07(b) from and including the date payment of such amount was due to but excluding the date of actual payment at the prime rate of JPMorgan Chase Bank in effect on the date such payment was required to be made, together with reasonable legal fees and expenses incurred in connection with such suit. It is expressly understood that in no event shall the Company be required to pay the $60,000,000 fee or reimburse the $40,000,000 payment referred to in this Section 6.07(b) on more than one occasion.

(c) In the event that either the Company or Parent is entitled to terminate, and terminates, this Agreement pursuant to Section 8.01(b)(i) or 8.01(b)(ii)(A) and at the time of such termination (i) all of the conditions set forth in Sections 7.02(a), 7.02(b) and 7.02(c) have been satisfied or waived (other than the delivery of certificates and provided that the term "*Closing Date*" shall in any of such sections be deemed to refer to the date of such termination), (ii) neither the Company nor Parent is entitled to terminate this Agreement pursuant to Section 8.01(b)(ii)(B) and (iii) if a vote to obtain the Company Stockholder Approval has been taken at a Company Stockholder Meeting, Company Stockholder Approval has been obtained, then Parent shall pay a termination fee equal to $120,000,000 (the "*Nonclearance Termination Fee*") on or before the fifth business day following such termination by wire transfer of same day funds to an account designated in writing to Parent by the Company at least two business days after such termination.

SECTION 6.08 *Public Announcements.* Each of Parent and Sub, on the one hand, and the Company, on the other hand, shall use its reasonable best efforts to consult with each other before issuing, and, to the extent reasonably feasible, provide each other the opportunity to review and comment upon, any press release or other public statements with respect to the Merger and the other Transactions and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange.

SECTION 6.09 *Transfer Taxes.* All stock transfer, real estate transfer, documentary, stamp, recording and other similar Taxes (including interest, penalties and additions to any such Taxes) ("*Transfer Taxes*") incurred in connection with the Transactions shall be paid by either Sub or the Surviving Corporation, and the Company shall cooperate with Sub and Parent in preparing, executing and filing any Tax Returns with respect to such Transfer Taxes, including supplying in a timely manner a complete list of all real property interests held by the Company that are located in New York State and any information with respect to such property that is reasonably necessary to complete such Tax Returns.

SECTION 6.10 *Rights Agreements; Consequences if Rights Triggered.*

(a) The Company Board shall take all further actions (in addition to those referred to in Section 3.05(c)) requested in writing by Parent in order to render the Company Rights inapplicable to the Merger and the other Transactions. Except as approved in writing by Parent, the Company Board shall not (i) amend the Company Rights Agreement, (ii) redeem the Company Rights or (iii) take any action with respect to, or make any determination under, the Company Rights Agreement. If any Distribution Date or Share Acquisition Date occurs under the Company Rights Agreement at any time during the period from the date of this Agreement to the Effective Time, the Company and Parent shall make such adjustment to the Merger Consideration as the Company and Parent shall mutually agree so as to preserve the economic benefits that the Company and Parent each reasonably expected on the date of this Agreement to receive as a result of the consummation of the Merger and the other Transactions.

(b) The Parent Board shall take all further actions (in addition to those referred to in Section 4.05(c)) requested in writing by the Company in order to render the Parent Rights inapplicable to the Merger and the other Transactions. Except as would not adversely affect the ability of Parent to consummate the Merger and the Transactions, unless approved in writing by the Company, the Parent Board shall not (i) amend the Parent Rights Agreement, (ii) redeem the Parent Rights or (iii) take any action with respect to, or make any determination under, the Parent Rights Agreement.

SECTION 6.11 *Stockholder Litigation.* The Company shall give Parent the opportunity to participate in the defense or settlement of any stockholder litigation against the Company and its directors relating to any Transaction; provided, however, that no such settlement shall be agreed to without Parent's consent, which consent shall not be unreasonably withheld.

SECTION 6.12 *Stock Exchange Listing.* Parent shall use its reasonable best efforts to cause the shares of Parent Common Stock to be issued in connection with the Merger and the shares of Parent Common Stock to be reserved for issuance upon exercise of Company Stock Options to be approved for listing on the NYSE, subject to official notice of issuance.

SECTION 6.13 *Affiliates.*

(a) Not less than forty-five (45) days prior to the Effective Time, the Company (i) shall deliver to Parent a letter identifying all Persons who, in the Company's opinion, may be, as of the Effective Time, its "*affiliates*" for purposes of Rule 145 under the Securities Act, and (ii) shall use its reasonable best efforts to cause each Person who is identified as an "*affiliate*" of it in such letter to deliver to Parent, as promptly as practicable but in no event later than thirty (30) days prior to the Effective Time, a signed agreement reasonably acceptable to both Parent and the Company (an "*Affiliate Agreement*"). The Company shall notify Parent from time to time after the delivery of the letter described above of any Person not identified on such letter who then is, or may be, such an "*affiliate*" and use its reasonable best efforts to cause each additional Person who is identified as an "*affiliate*" to execute an Affiliate Agreement.

(b) Neither Parent or the Company shall register, or allow its transfer agent to register, on its books, any transfer of any shares of Parent Common Stock or Company Common Stock of any affiliate

of the Company who has not provided an executed Affiliate Agreement in accordance with this Section 6.13 unless the transfer is made in compliance with the foregoing.

(c) For one year following the Closing, Parent shall continue to make available such adequate current public information as shall satisfy the conditions set forth in Rule 144(c) of the Securities Act.

SECTION 6.14 *Other Actions by Parent.* Parent shall not, and shall use its reasonable best efforts to cause its affiliates not to, take any action that would reasonably be expected to result in any condition to the Merger set forth in Article VII not being satisfied, except any action permitted to be taken pursuant to Section 8.01.

SECTION 6.15 *Section 16(b).* Parent shall take all such steps as may be reasonably necessary to cause the Transactions and any other dispositions of equity securities of the Company (including derivative securities) or acquisitions of Parent equity securities (including derivative securities) in connection with this Agreement by each individual who (a) is a director or officer of the Company or (b) at the Effective Time will become a director or officer of Parent, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

ARTICLE VII

CONDITIONS PRECEDENT

SECTION 7.01 *Conditions to Each Party's Obligation to Effect the Merger.* The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) *Stockholder Approval.* The Company shall have obtained the Company Stockholder Approval.

(b) *Antitrust.* Any waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired. Any Consents and filings required prior to the Closing under any Antitrust Law, the absence of which would reasonably be expected to (i) have a Company Material Adverse Effect, (ii) have a Parent Material Adverse Effect or (iii) result in a criminal violation, shall have been obtained or made.

(c) *No Injunctions or Restraints.* No restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect; provided, however, that prior to asserting this condition, subject to Section 6.03, the asserting party shall have used its reasonable best efforts or best efforts, as applicable, in a manner consistent with this Agreement, including, without limitation, Section 6.03(b), to prevent the entry of any such injunction or other order and to appeal as promptly as possible any such judgment that may be entered.

(d) *Form S-4 Effective.* The Form S-4 shall have been declared effective under the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC.

(e) *Listing of Parent Common Stock.* The shares of Parent Common Stock to be issued in the Merger and such other shares of Parent Common Stock to be reserved for issuance in connection with the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

SECTION 7.02 *Conditions to Obligations of Parent and Sub.* The obligations of Parent and Sub to effect the Merger are further subject to the following conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company set forth in this Agreement that are qualified as to Company Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct except for such failures to be true and correct as

would not reasonably be expected to have a Company Material Adverse Effect (other than the representations and warranties set forth in Sections 3.02, 3.03, 3.04 and 3.18, which shall be true and correct in all material respects), as of the date of this Agreement and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to Company Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct except for such failures to be true and correct as would not reasonably be expected to have a Company Material Adverse Effect (other than the representations and warranties set forth in Sections 3.02, 3.03, 3.04 and 3.18, which shall be true and correct in all material respects), on and as of such earlier date). Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect.

(b) *Performance of Obligations of the Company.* The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect.

(c) *Absence of Company Material Adverse Effect.* Except as disclosed in the Company Disclosure Letter or in any Filed Company SEC Document, since the date of this Agreement there shall not have been any event, change, effect, development, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

SECTION 7.03 *Conditions to Obligation of the Company.* The obligation of the Company to effect the Merger is further subject to the following conditions:

(a) *Representations and Warranties.* The representations and warranties of Parent and Sub set forth in this Agreement that are qualified as to Parent Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct except for such failures to be true and correct as would not reasonably be expected to have a Parent Material Adverse Effect (other than the representations and warranties set forth in Sections 4.02 and 4.04, which shall be true and correct in all material respects), as of the date of this Agreement and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to Parent Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct except for such failures to be true and correct as would not reasonably be expected to have a Parent Material Adverse Effect (other than the representations and warranties set forth in Sections 4.02 and 4.04, which shall be true and correct in all material respects), on and as of such earlier date). The Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent to such effect.

(b) *Performance of Obligations of Parent and Sub.* Parent and Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent to such effect.

(c) *Absence of Parent Material Adverse Effect.* Except as disclosed in the Parent Disclosure Letter or in any Filed Parent SEC Document, since the date of this Agreement there shall not have been any event, change, effect, development, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01 *Termination.* This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Company Stockholder Approval:

(a) by mutual written consent of Parent, Sub and the Company;

(b) by either Parent or the Company:

(i) if the Merger is not consummated on or before December 31, 2006 (the "*Outside Date*"), unless the failure to consummate the Merger is the result of a willful and material breach of this Agreement by the party seeking to terminate this Agreement;

(ii) if any Governmental Entity issues an order, decree or ruling or takes any other action permanently enjoining, restraining or otherwise prohibiting the Merger (A) as violative of any Antitrust Law or (B) for any reason other than as contemplated by Section 8.01(b)(ii)(A), and, in either case, such order, decree, ruling or other action shall have become final and non-appealable; or

(iii) if, upon a vote thereon at the Company Stockholder Meeting, the Company Stockholder Approval is not obtained;

(c) by Parent, if the Company breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in this Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 7.02(a) or 7.02(b), and (ii) cannot be or has not been cured by the Outside Date (provided that neither Parent nor Sub is then in willful and material breach of any representation, warranty or covenant contained in this Agreement);

(d) by Parent:

(i) if the Company Board or any committee thereof withdraws or modifies, in a manner adverse to Parent or Sub, or publicly proposes to withdraw or modify, in a manner adverse to Parent or Sub, its approval or recommendation of this Agreement or the Merger, fails to recommend to the Company's stockholders that they give the Company Stockholder Approval or approves or recommends, or publicly proposes to approve or recommend, any Company Takeover Proposal; or

(ii) if the Company gives Parent the notification contemplated by Section 8.05(b)(iii);

(e) by the Company prior to receipt of the Company Stockholder Approval in accordance with Section 8.05(b); provided, however, that the Company shall have complied with all provisions thereof, including the notice provisions therein; or

(f) by the Company, if Parent or Sub breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in this Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 7.03(a) or 7.03(b), and (ii) cannot be or has not been cured by the Outside Date (provided that the Company is not then in willful and material breach of any representation, warranty or covenant contained in this Agreement).

SECTION 8.02 *Effect of Termination.* In the event of termination of this Agreement by either the Company or Parent as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Sub or the Company, other than the last sentence of Section 6.02, Section 6.07, this Section 8.02 and Article IX, which provisions shall survive such termination, and except to the extent that such termination results from the willful and material breach by a party of any representation, warranty or covenant set forth in this Agreement.

SECTION 8.03 *Amendment.* This Agreement may be amended by the parties at any time before or after receipt of the Company Stockholder Approval; provided, however, that after receipt of the Company Stockholder Approval, there shall be made no amendment that by Law requires further approval by the stockholders of the Company without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

SECTION 8.04 *Extension; Waiver.* At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement or (c) waive compliance with any of the agreements or conditions contained in this Agreement. No extension or waiver by the Company shall require the approval of the stockholders of the Company. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

SECTION 8.05 *Procedure for Termination.* (a) A termination of this Agreement pursuant to Section 8.01 shall, in order to be effective, require in the case of Parent, Sub or the Company, action by its Board of Directors or, to the extent permitted by law, the duly authorized designee of its Board of Directors. Termination of this Agreement prior to the Effective Time shall not require the approval of the stockholders of the Company.

(b) The Company may terminate this Agreement pursuant to Section 8.01(e) only if (i) the Company Board has received a Superior Company Proposal, (ii) in light of such Superior Company Proposal a majority of the disinterested directors of the Company shall have determined in good faith, after consultation with outside counsel, that the failure to withdraw or modify its recommendation of the Merger and this Agreement would be inconsistent with the Company Board's exercise of its fiduciary duty under applicable Law, (iii) the Company has notified Parent in writing of the determinations described in clause (ii) above, (iv) at least five business days following receipt by Parent of the notice referred to in clause (iii) above, and taking into account any revised proposal made by Parent since receipt of the notice referred to in clause (iii) above, such Superior Company Proposal remains a Superior Company Proposal and a majority of the disinterested directors of the Company has again made the determinations referred to in clause (ii) above, (v) the Company is in compliance, in all material respects, with Section 5.02, (vi) the Company has previously paid the fee and reimbursement, as applicable, due under Section 6.07, (vii) the Company Board concurrently approves, and the Company concurrently enters into, a definitive agreement providing for the implementation of such Superior Company Proposal and (viii) Parent is not at such time entitled to terminate this Agreement pursuant to Section 8.01(c) (assuming for purposes of this clause (viii) that the Outside Date is the date of termination of this Agreement by the Company, except where the applicable breach or failure to perform is not willful and material and is capable of being cured prior to the Outside Date).

ARTICLE IX

GENERAL PROVISIONS

Section 9.01 *Nonsurvival of Representations and Warranties.* None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 9.01 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

SECTION 9.02 *Notices.* All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given upon receipt by the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a)

if to Parent or Sub, to
Whirlpool Corporation
2000 M63 North
Benton Harbor, MI 49022
Attention: Daniel F. Hopp
Facsimile: 269-923-3722

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Thomas A. Roberts, Esq.
Ellen J. Odoner, Esq.
Facsimile: 212-310-8007

(b)

if to the Company, to
Maytag Corporation
403 West Fourth Street, North
Newton, IA 50208
Attention: Roger K. Scholten
Facsimile: 641-787-6930

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Richard D. Katcher, Esq.
James Cole, Jr., Esq.
Facsimile: 212-403-2000

SECTION 9.03 *Definitions.* For purposes of this Agreement:

An "*affiliate*" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person.

A "*Company Material Adverse Effect*" means (a) a material adverse effect on the business, assets (including, without limitation, the Maytag brand) or financial condition of the Company and the Company Subsidiaries, taken as a whole, (b) a material adverse effect on the ability of the Company to perform its obligations under this Agreement or (c) a material adverse effect on the ability of the Company to consummate the Merger and the other Transactions to be performed or consummated by the Company; provided, however, that a Company Material Adverse Effect shall not include any event, change, effect, development, condition or occurrence arising out of or relating to (i) general economic or political conditions in the United States of America, (ii) conditions generally affecting industries in which any of the Company or the Company Subsidiaries operates (except, in the case of clauses (i) and (ii) above, if the event, change, effect, development, condition or occurrence disproportionately impacts the business, assets or financial condition of the Company and the Company Subsidiaries, taken as a whole), (iii) the public announcement of this Agreement or the consummation of the Transactions contemplated hereby (including, without limitation, any loss of customers, suppliers, licensors, licensees, or distributors of the Company or any Company Subsidiary as a

result thereof, or changes arising out

of, or attributable to, any such loss, with the burden of proving that any such loss was not caused by such public announcement or consummation to be borne by Parent) or (iv) the loss of employees of the Company or any Company Subsidiary or changes arising out of, or attributable to, such loss; and provided, further, that (x) any change in the Company's stock price or trading volume or (y) any failure of the Company to meet its internal financial projections or published analysts' forecasts relating to it, or any other amount of revenues or earnings of the Company shall each not, individually or collectively, be deemed to constitute a Company Material Adverse Effect.

"*knowledge*" means, with respect to the Company, the knowledge of any of Ralph F. Hake, George C. Moore, Roger K. Scholten or Steven Klyn, and with respect to Parent, the knowledge of Jeff M. Fettig, Roy W. Templin, Blair A. Clark or Daniel F. Hopp.

A "*Parent Material Adverse Effect*" means (a) a material adverse effect on the business, assets, financial condition or results of operations of Parent and the Parent Subsidiaries, taken as a whole, (b) a material adverse effect on the ability of Parent to perform its obligations under this Agreement or (c) a material adverse effect on the ability of Parent to consummate the Merger and the other Transactions to be performed or consummated by Parent; provided, however, that a Parent Material Adverse Effect shall not include any event, change, effect, development, condition or occurrence arising out of or relating to (i) general economic or political conditions in the United States of America or (ii) conditions generally affecting industries in which any of Parent or the Parent Subsidiaries operates (except, in the case of clauses (i) and (ii) above, if the event, change, effect, development, condition or occurrence disproportionately impacts the business, assets, financial condition or results of operations of Parent and the Parent Subsidiaries, taken as a whole); provided, however, that any change in Parent's stock price or trading volume shall not be deemed to constitute a Parent Material Adverse Effect.

A "*person*" means any individual, firm, corporation, partnership, company, limited liability company, trust, joint venture, association, Governmental Entity or other entity.

A "*subsidiary*" of any person means another person (a) an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first person, or (b) of which such first person is, in the case of a partnership, the general partner or, in the case of a limited liability company, the managing member.

SECTION 9.04 *Interpretation; Disclosure Letter.* When a reference is made in this Agreement to a Section or subsection, such reference shall be to a Section or subsection, as applicable, of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "*include*", "*includes*" or "*including*" are used in this Agreement, they shall be deemed to be followed by the words "*without limitation*". Any matter disclosed in any section of the Company Disclosure Letter shall be deemed disclosed only for the purposes of the specific Sections of this Agreement to which such section relates.

SECTION 9.05 *Severability.* If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that Transactions are fulfilled to the extent possible.

SECTION 9.06 *Counterparts.* This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 9.07 *Entire Agreement; No Third-Party Beneficiaries.* This Agreement, taken together with the Company Disclosure Letter and the Confidentiality Agreement, (a) constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the Transactions and (b) except for Section 6.06 and except as otherwise provided in the Confidentiality Agreement, are not intended to confer upon any person other than the parties hereto any rights or remedies. Notwithstanding clause (b) of the immediately preceding sentence, following the Effective Time the provisions of Article II shall be enforceable by holders of Certificates.

SECTION 9.08 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except to the extent the laws of Delaware are mandatorily applicable to the Merger.

SECTION 9.09 *Assignment.* Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, except that Sub may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to any direct or indirect, wholly owned subsidiary of Parent, but no such assignment shall relieve Sub of any of its obligations under this Agreement. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 9.10 *Enforcement.* The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York state court, any federal court located in the State of New York or the State of Delaware, or the Court of Chancery of the State of Delaware, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any New York state court, any federal court located in the State of New York or the State of Delaware, or the Court of Chancery of the State of Delaware in the event any dispute arises out of this Agreement or any Transaction, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any action relating to this Agreement or any Transaction in any court other than any New York state court, any federal court sitting in the State of New York or the State of Delaware or the Court of Chancery of the State of Delaware and (d) waives any right to trial by jury with respect to any action related to or arising out of this Agreement or any Transaction.

[Signature page follows.]

IN WITNESS WHEREOF, Parent, Sub and the Company have duly executed this Agreement, all as of the date first written above.

WHIRLPOOL CORPORATION

by /s/ JEFF M. FETTIG

Name: Jeff M. Fettig
Title: Chairman, CEO & President

WHIRLPOOL ACQUISITION CO.

by /s/ DANIEL F. HOPP

Name: Daniel F. Hopp
Title: President

MAYTAG CORPORATION

by /s/ ROGER K. SCHOLTEN

Name: Roger K. Scholten
Title: Senior Vice President and General Counsel

ANNEX B

August 22, 2005

The Board of Directors
Maytag Corporation
403 West Fourth Street, North
Newton, IA 50208

Dear Members of the Board:

We understand that Maytag Corporation (the "Company"), Whirlpool Corporation ("Parent") and Whirlpool Acquisition Co. ("Sub") propose to enter into an Agreement and Plan of Merger (the "Agreement"), pursuant to which Sub will merge with and into the Company (the "Merger"). Pursuant to the Agreement, each issued and outstanding share of common stock of the Company, par value $1.25 per share (the "Company Common Stock"), other than shares of Company Common Stock owned by Parent, Sub or the Company or held by any holder who is entitled to demand and properly demands appraisal of such shares, will be converted into the right to receive (i) $10.50 per share in cash, without interest (the "Cash Consideration"), and (ii) that number of shares of common stock, par value $1.00 per share, of Parent (the "Parent Common Stock") determined pursuant to a formula set forth in the Agreement (the "Stock Consideration" and, together with the Cash Consideration, the "Consideration"). The terms and conditions of the Merger are set out more fully in the Agreement.

You have requested our opinion as to the fairness as of the date hereof, from a financial point of view, to the holders of the Company Common Stock (other than Parent, Sub or the Company or any holder who demands and perfects appraisal rights) of the Consideration to be paid in the Merger to such holders. In connection with this opinion, we have:

(i) reviewed the financial terms and conditions of a draft of the Agreement dated August 10, 2005;

(ii) analyzed certain historical business and financial information relating to the Company and Parent;

(iii) reviewed various financial forecasts and other data provided to us by the Company relating to its business, as well as various publicly available financial analyst forecasts with respect to the business of Parent;

(iv) held discussions with members of the senior management of each of the Company and Parent with respect to the respective businesses and prospects of the Company and Parent;

(v) reviewed public information with respect to certain other companies in lines of businesses we believe to be generally comparable to the businesses of the Company and Parent;

(vi) reviewed the financial terms of certain business combinations involving companies in lines of businesses we believe to be generally comparable to that of the Company and Parent, and in other industries generally;

(vii) reviewed the historical stock prices and trading volumes of the Company Common Stock and the Parent Common Stock; and

(viii) conducted such other financial studies, analyses and investigations as we deemed appropriate.

We have relied upon the accuracy and completeness of the foregoing information, and have not assumed any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of the Company or Parent, or concerning the solvency or fair value of the Company or Parent. With respect to the Company's financial forecasts, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the future financial performance of the Company. Based on your guidance, we have relied for purposes of rendering this opinion on the Company's "base case" and "low case" financial forecasts. As you know, although we have requested internal forecasts from Parent, they have not been provided to us. With your consent, we have assumed that financial analyst forecasts with respect to Parent are a reasonable basis upon which to evaluate the business and financial prospects of Parent and have used such forecasts for purposes of our analyses and this opinion. We assume no responsibility for and express no view as to any forecasts or the assumptions on which they are based.

Further, our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

In rendering our opinion, we have assumed that the Merger will be consummated on the terms described in the draft Agreement, without any waiver of any material terms or conditions, and that obtaining the necessary regulatory approvals for the Merger will not have an adverse effect on the Company, Parent or the Merger. We have also assumed that the executed Agreement will conform in all material respects to the draft Agreement reviewed by us. We do not express any opinion as to any tax or other consequences that might result from the Merger, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company obtained such advice as it deemed necessary from qualified professionals. In addition, we do not express any opinion as to the price at which Company Common Stock or Parent Common Stock may trade after announcement of the Merger or as to any agreement or other arrangement entered into by any employee or director of the Company in connection with the Agreement.

Lazard Frères & Co. LLC ("Lazard") is acting as investment banker to the Company in connection with the Merger and will receive a fee for our services, a substantial portion of which is contingent upon the closing of the Merger. In addition, in the ordinary course of our business, Lazard, Lazard Capital Markets LLC (an entity owned in large part by managing directors of Lazard) and their respective affiliates may actively trade shares of the Company Common Stock, the Parent Common Stock and other securities of the Company or Parent for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Our engagement and the opinion expressed herein are for the benefit of the Company's Board of Directors, and our opinion is rendered to the Company's Board of Directors in connection with its consideration of the Merger. This opinion does not address the merits of the underlying decision by the Company to engage in the Merger, nor are we expressing any opinion as to the relative merits of or consideration offered in any other transaction as compared to the Merger. This opinion is not intended to and does not constitute a recommendation to any holder of the Company Common Stock as to how

such holder should vote with respect to the Merger or any matter relating thereto. It is understood that this letter may not be disclosed or otherwise referred to without our prior consent, except as may otherwise be required by law or by a court of competent jurisdiction, and except that this letter may if necessary be included in its entirety in any filing made by the Company with the Securities and Exchange Commission with respect to the Merger and the transactions related thereto.

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the Consideration to be paid to the holders of Company Common Stock in the Merger is fair to such holders from a financial point of view.

Very truly yours,

LAZARD FRERES & CO. LLC

By

William M. Lewis, Jr.
Managing Director

ANNEX C

THE GENERAL CORPORATION LAW
OF
THE STATE OF DELAWARE

SECTION 262 APPRAISAL RIGHTS. (a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in subsection (f) of § 251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228 or § 253 of this title, then, either a constituent corporation before the effective date of the merger or consolidation, or the surviving or resulting corporation within ten days thereafter, shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if

such second notice is sent more than 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) hereof and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder's written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) hereof, whichever is later.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After determining the stockholders entitled to an appraisal, the Court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take

into account all relevant factors. In determining the fair rate of interest, the Court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have had to pay to borrow money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the stockholder entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Interest may be simple or compound, as the Court may direct. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

ANNEX D

FINANCIAL PROJECTION RECONCILIATIONS[1]

Category	Non-GAAP Earnings Per Share as Discussed in Proxy	Per Share for Restructuring and Other Excluded Charges	GAAP Earnings Per Share
Full year 2004:[2]			
7+5 Forecast	$1.21	$1.11	$0.10
8+4 Forecast	$1.00	$1.10	$(0.10)
9+3 Forecast	$0.95	$0.85	$0.10
10+2 Forecast	$0.85	$0.85	$0.00
Actual results	$0.88	$0.99	$(0.11)
First Quarter 2005:			
Actual results	$0.14	$0.04[3]	$0.10
Full year 2005:			
Annual Business Plan	$2.00	$0.05[4]	$1.95
Annual Business Plan Range	$1.60 to $2.25	$0.05[4]	$1.55 to $2.20
Initial earnings guidance	$1.55 to $1.65	$0.05[4]	$1.50 to $1.60
Earnings per share forecasts December 2004	$1.30	$0.05[4]	$1.25
Earnings per share forecasts December 2004	$1.60	$0.05[4]	$1.55
Earnings per share forecasts December 2004	$2.00	$0.05[4]	$1.95
Earnings per share forecasts December 2004	$2.25	$0.05[4]	$2.20
0+12 Forecast	$1.77	$0.05[4]	$1.72
Modified 0+12 Forecast	$1.45	$0.05[4]	$1.40
Modified 0+12 Forecast (low case range)	$0.97 to $1.77	$0.05[4]	$0.92 to $1.72
Revised earnings guidance January 28, 2005	$1.15 to $1.35	$0.05[4]	$1.10 to $1.30
Earnings per share forecasts February 2005	$1.15	$0.05[4]	$1.10
Earnings per share forecasts February 2005	$1.30	$0.05[4]	$1.25
Earnings per share forecasts February 2005	$1.45	$0.05[4]	$1.40
3+9 Forecast	$1.36	$0.08[5]	$1.28
Modified 3+9	$0.88	$0.08[5]	$0.80
Projection reviewed with the Board April 21, 2005	$0.56 to $0.88	$0.08[5]	$0.48 to $0.80
Revised earnings guidance April 22, 2005	$0.55 to $0.65	$0.10[6]	$0.45 to $0.55
Modified 3+9 range reviewed with Ripplewood April 29, 2005	$0.56 to $0.88	$0.08[5]	$0.48 to $0.80

(1) Non-GAAP Measurements Throughout this proxy statement, Maytag has provided non-GAAP measurements which present earnings on a basis excluding restructuring charges and other items described in this *Annex D*. Maytag provides these non-GAAP measurements as a way to help the Maytag board of directors better understand Maytag's earnings and enhance comparisons of Maytag's earnings from period to period. Among other things, Maytag's management uses the earnings results, excluding restructuring charges and other items described in this *Annex D*, to evaluate the performance of Maytag's businesses. There are inherent limitations in the use of

D-1

earnings, excluding such items, because Maytag's actual results do include the impact of these items. The non-GAAP measures are intended as a supplement to the comparable GAAP measures and Maytag compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures.

(2)

See detailed breakdown of "restructuring and other excluded charges" in the table below.

(3)

The $0.04 "Per Share Restructuring and Other Excluded Charges" is comprised solely of restructuring and related charges.

(4)

The $0.05 "Per Share Restructuring and Other Excluded Charges" is comprised solely of restructuring and related charges.

(5)

The $0.08 "Per Share Restructuring and Other Excluded Charges" is comprised solely of restructuring and related charges.

(6)

The $0.10 "Per Share Restructuring and Other Excluded Charges" is comprised solely of restructuring and related charges and reflects a rounding upwards of the $0.08 "Per Share Restructuring and other Excluded Charges" described in note (5).

2004 Forecast Scenarios: GAAP to non-GAAP normalized numbers:

	7+5 Forecast	8+4 Forecast	9+3 Forecast	10+2 Forecast	Actual
Earnings per share (excluding special charges)	**$ 1.21**	**$ 1.00**	**$ 0.95**	**$ 0.85**	**$ 0.88**
Restructuring and related charges	$ 0.74	$ 0.73	$ 0.58	$ 0.58	$ 0.59
Goodwill impairment	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12
Gain on sale of assets			$ (0.10)	$ (0.10)	$ (0.10)
Front-load washer litigation	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.29
Distributor lawsuit judgment	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.09
Total Restructuring and other Excluded Items	**$ 1.11**	**$ 1.10**	**$ 0.85**	**$ 0.85**	**$ 0.99**
Earnings per share (GAAP)	**$ 0.10**	**$ (0.10)**	**$ 0.10**	**$ 0.0**	**$ (0.11)**

ANNEX E

**UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL INFORMATION**

The Unaudited Pro Forma Condensed Combined Statement of Operations combine the historical consolidated statements of operations of Whirlpool and the historical consolidated statements of operations of Maytag, giving effect to the merger as if it had been completed on January 1, 2004. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical consolidated balance sheet of Whirlpool and the historical consolidated balance sheet of Maytag, giving effect to the merger as if it had been completed on September 30, 2005. You should read this information in conjunction with the:

- accompanying notes to the unaudited pro forma condensed combined financial statements;
- separate unaudited historical financial statements of Whirlpool as of and for the three-and nine-month periods ended September 30, 2005 included in the Whirlpool quarterly report on Form 10-Q for the three months ended September 30, 2005, which is incorporated by reference in this document;
- separate historical financial statements of Whirlpool as of and for the year ended December 31, 2004 included in the Whirlpool annual report on Form 10-K/A for the year ended December 31, 2004, which is incorporated by reference in this document;
- separate unaudited historical financial statements of Maytag as of and for the three and nine-month periods ended October 1, 2005 included in the Maytag quarterly report on Form 10-Q for the three months ended October 1, 2005, which is incorporated by reference in this document; and
- separate historical financial statements of Maytag as of and for the year ended January 1, 2005 included in the Maytag annual report on Form 10-K for the year ended January 1, 2005, which is incorporated by reference in this document.

The unaudited pro forma condensed combined financial information is provided for informational purposes only. The pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the merger been completed at the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial information was prepared using the purchase method of accounting with Whirlpool treated as the acquiror. Accordingly, we have adjusted the historical consolidated financial information to give effect to the impact of the consideration paid in connection with the merger. In the Unaudited Pro Forma Condensed Combined Balance Sheet, Whirlpool's cost to acquire Maytag has been allocated to the assets acquired and liabilities assumed based upon management's preliminary estimate of their respective fair values as of the date of acquisition. Any differences between the fair value of the consideration paid and the fair value of the assets and liabilities acquired has been recorded as goodwill. The amounts allocated to acquired assets and liabilities in the Unaudited Pro Forma Condensed Combined Balance Sheet are based on management's preliminary internal valuation estimates. Definitive allocations will be performed and finalized based upon certain valuations and other studies of, but not limited to, inventory, intangible assets, property, plant and equipment, pension liabilities, and postemployment benefit liabilities. These valuations and other studies will be performed by Whirlpool with the services of outside valuation specialists after the completion of the merger. Accordingly, the purchase allocation pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro

forma condensed combined financial information and are subject to revision based on a final determination of fair value after completion of the merger.

The Unaudited Pro Forma Condensed Combined Statements of Operations also include certain purchase accounting adjustments, including items expected to have a continuing impact on the combined results, such as increased depreciation and amortization expense on acquired tangible and intangible assets.

The unaudited pro forma condensed combined financial statements do not include the impact of any potential cost savings, one-time costs, or capital investments that may result from the merger. Whirlpool currently expects the merger with Maytag to generate approximately $300 million to $400 million of annual pre-tax cost savings by the third year following completion of the merger. Efficiencies are expected to come from all areas across the value chain, including product manufacturing and marketing, global procurement, logistics, infrastructure and support areas, product research and development, and asset utilization. Achieving these efficiencies will require one-time costs and capital investments currently estimated to be in the range of $350 million to $500 million, a majority of which currently are anticipated to be capitalized or accrued in purchase accounting. Whirlpool currently anticipates incurring these costs during the first two years following completion of the merger.

Additionally, the unaudited pro forma condensed combined financial statements do not reflect the impact of a retention pool that Maytag will establish to retain certain key employees of Maytag through the period between the announcement of the merger and a period following completion of the merger. The aggregate amount of the retention pool is up to $15 million, as described in the merger agreement.

Based on Whirlpool's review of Maytag's summary of significant accounting policies disclosed in Maytag's financial statements, the nature and amount of any adjustments to the historical financial statements of Maytag to conform their accounting policies to those of Whirlpool are not expected to be significant. Certain reclassifications have been made to conform Maytag's historical amounts to Whirlpool's presentation. Maytag uses a fiscal year that ends on the Saturday closest to December 31, while Whirlpool uses a calendar year-end. For purposes of these pro formas no adjustments were made related to the different year-ends, as the adjustments would be immaterial. Upon completion of the merger, further review of Maytag's accounting policies and historical financial statements may result in required revisions to Maytag's policies and classifications to conform them to Whirlpool's.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004
(in millions, except per share data)

	Historical Whirlpool	Pro Forma Historical Maytag(b)	Pro Forma Adjustments	Pro Forma Combined
Net sales	$ 13,220	$ 4,722	$ (51)**(c)**	$ 17,891
Expenses				
Cost of products sold	10,358	3,698	(51)**(c)**	14,013
			42**(d)**	
			(34)**(e)**	
Selling, general and administrative**(a)**	2,089	870	5**(d)**	2,978
			(9)**(e)**	
			23**(f)**	
Goodwill impairment		10		10
Front load washer litigation		34		34
Restructuring costs	15	70		85
Operating profit	758	40	(27)	771
Other income (expense)				
Interest and sundry income (expense)	(14)	5		(9)
Adverse judgment on pre-acquisition lawsuit		(10)		(10)
Interest expense	(128)	(56)	(49)**(g)**	(233)
Earnings (loss) from continuing operations before income taxes and other items	616	(21)	(76)	519
Income taxes (benefit)	209	(12)	(26)**(h)**	171
Earnings (loss) from continuing operations before equity earnings and minority interests	407	(9)	(50)	348
Equity in loss of affiliated companies	(1)			(1)
Net earnings (loss)	$ 406	$ (9)	$ (50)	$ 347
Per share of common stock				
Basic earnings (loss) from continuing operations	$ 6.02	$ (0.12)		$ 4.48
Diluted earnings (loss) from continuing operations	$ 5.90	$ (0.12)		$ 4.39
Dividends	$ 1.72	$ 0.72		$ 1.72
Weighted-average shares outstanding (in millions):				
Basic	67.4	79.1	10.1 **(i)**	77.5
Diluted	68.9	79.1	10.1 **(i)**	79.0

***

Please read in conjunction with accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statement of Operations.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2005
(in millions, except per share data)

	Historical Whirlpool	Pro Forma Historical Maytag(b)	Pro Forma Adjustments	Pro Forma Combined
Net sales	$ 10,363	$ 3,653	(46)**(c)**	$ 13,970
Expenses:				
Cost of products sold	8,175	2,964	(46)**(c)**	11,095
			34**(d)**	
			(32)**(e)**	
Selling, general and administrative	1,588	635	4**(d)**	2,235
			(9)**(e)**	
			17**(f)**	
Restructuring costs	26	11		37
Operating profit	574	43	(14)	603
Other income (expense)				
Interest and sundry expense	(29)	(6)		(35)
Interest expense	(101)	(49)	(37)**(g)**	(187)
Earnings (loss) from continuing operations before income taxes and other items	444	(12)	(51)	381
Income taxes (benefit)	142	(5)	(16)**(h)**	121
Earnings (loss) from continuing operations before equity earnings and minority interests	302	(7)	(35)	260
Equity in earnings (loss) of affiliated companies	1			1
Minority interests	(7)			(7)
Net earnings (loss)	$ 296	$ (7)	(35)	$ 254
Per share of common stock				
Basic earnings from continuing operations	$ 4.42	$ (0.09)		$ 3.30
Diluted earnings from continuing operations	$ 4.35	$ (0.09)		$ 3.25
Dividends	$ 1.29	$ 0.36		$ 1.29
Weighted-average shares outstanding (in millions):				
Basic	66.9	79.8	10.1 **(i)**	77.0
Diluted	68.1	79.8	10.1 **(i)**	78.2

***

Please read in conjunction with accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statement of Operations.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

(a)

Includes Whirlpool's intangible amortization of $2 million for the year ended December 31, 2004.

(b)

Certain reclassifications have been made to the historical presentation of Maytag to conform to Whirlpool's presentation used in the Unaudited Pro Forma Condensed Combined Statement of Operations including, but not limited to, freight and warehousing costs originally included in the Cost of Products Sold (currently in Selling, General and Administrative Expenses) of $314 million and $363 million for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively.

(c)

Represents the elimination of intercompany sales between Whirlpool and Maytag of $46 million and $51 million, for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively.

(d)

Represents an increase in depreciation expense resulting from the fair value adjustments to Maytag's property, plant and equipment (see notes to the Unaudited Pro Forma Condensed Combined Balance Sheet).

(e)

Represents a reduction in pension and other post-retirement benefit costs attributable to the impact of the fair value adjustment to Maytag's pension and other postretirement medical benefits obligations (see notes to the Unaudited Pro Forma Condensed Combined Balance Sheet).

(f)

Represents an increase in intangible asset amortization expense resulting from the fair value adjustments to Maytag's intangible assets (see notes to the Unaudited Pro Forma Condensed Combined Balance Sheet).

The unaudited pro forma condensed combined financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in these unaudited pro forma condensed combined financial statements.

(g)

Represents the increase in interest expense as a result of paying the cash portion of the merger consideration (see notes to the Unaudited Pro Forma Consolidated Balance Sheet). A $^{1}/_{8}$ percentage point change in the assumed interest rates of the short-term variable rate debt would result in an adjustment of interest expense of $0.1 million per year before income tax effects. A $^{1}/_{8}$ percentage point change in the assumed interest rates of the long-term fixed rate debt would result in an adjustment of interest expense of $0.9 million per year before income tax effects.

(h)

Income tax effects as a result of purchase accounting adjustments are estimated at the Whirlpool effective income tax rate for the periods presented, which reflects Whirlpool's best estimate of Whirlpool's statutory income tax rates for all tax jurisdictions.

(i)

The pro forma combined per share amounts and weighted average shares reflect the combined weighted average number of Whirlpool common shares for each period presented and Maytag common shares, adjusted to reflect the exchange ratio of 0.1258 shares of Whirlpool common stock for each share of Maytag common stock, including the impact of net shares issued to satisfy Maytag stock options using the treasury stock method. The diluted number of shares takes into account the Maytag stock options that will be assumed by Whirlpool. The total number of shares of Whirlpool common stock issued will depend upon the price of Whirlpool's common stock during the reference price determination period described in note (c) to the Unaudited Pro Forma Condensed Combined Balance Sheet. Incorporating all exercisable in-the-money Maytag stock options, between 9.2 million and 11.3 million shares of Whirlpool common stock could be issued to Maytag stockholders upon completion of the merger.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2005
(in millions)

	Historical Whirlpool September 30, 2005(a)	Historical Maytag October 1, 2005(a)	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Current Assets				
Cash and equivalents	$ 228	$ 57	$	$ 285
Trade receivables, less allowances	2,065	725	(10)**(b)**	2,780
Inventories	1,758	621	130**(f)**	2,509
Prepaid expenses	81	32		113
Deferred income taxes	152	57	(48)**(k)**	161
Other current assets	343			343
Total Current Assets	4,627	1,492	72	6,191
Other Assets				
Investment in affiliated companies	28			28
Goodwill, net	168	259	(259)**(e)**	1,646
			1,478**(n)**	
Other intangibles, net	103	84	(35)**(e)**	1,328
			1,225**(h)**	
			(49)**(i)**	
Deferred income taxes	326	261	(233)**(k)**	354
Prepaid pension costs	343	1		344
Other assets	208	39	(45)**(c)**	189
			(13)**(m)**	
Total Other Assets	1,176	644	2,069	3,889
Property, plant and equipment, net	2,466	853	339**(g)**	3,658
Total Assets	$ 8,269	$ 2,989	$ 2,480	$ 13,738
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Notes payable	$ 287	$	$ 93**(c)**	$ 380
Accounts payable	2,108	540	(10)**(b)**	2,638
Employee compensation	305	50		355
Deferred income taxes	47			47
Accrued expenses	849	315	45**(c)**	1,223
			14**(j)**	
Restructuring costs	14			14
Income taxes	86		42**(k)**	128
Other current liabilities	130			130
Current maturities of long-term debt	368	215		583
Total Current Liabilities	4,194	1,120	184	5,498
Other Liabilities				
Deferred income taxes	212		37**(k)**	249
Pension benefits	395	498	220**(i)**	1,113
Postemployment benefits	508	526	355**(i)**	1,389

	Historical Whirlpool September 30, 2005(a)	Historical Maytag October 1, 2005(a)	Pro Forma Adjustments	Pro Forma Combined
Other liabilities	224	181	(11)**(l)**	394
Long-term debt	746	759	750**(c)**	2,255
	2,085	1,964	1,351	5,400
Minority Interests	97			97
Stockholders' Equity (Deficit)	1,893	(95)	95**(d)**	2,743
			832**(c)**	
			18**(c)**	
Total Liabilities and Stockholders' Equity	$ 8,269	$ 2,989	$ 2,480	$ 13,738

***

Please read in conjunction with accompanying notes to the Unaudited Pro Forma Condensed Combined Balance Sheet.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

(a)

Certain reclassifications have been made to the historical presentation of Maytag to conform to the presentation used in the Unaudited Pro Forma Condensed Combined Balance Sheet.

(b)

Represents the elimination of intercompany balances between Whirlpool and Maytag of $10 million.

(c)

Represents the adjustment to reflect the fair value of shares of Whirlpool common stock to be issued in the merger based upon the average closing price of $82.36 per share of Whirlpool common stock for the two days immediately preceding and following the date the Whirlpool offer was deemed financially superior to the Triton offer (August 12, 2005). The number of shares of Whirlpool common stock to be issued in the merger will be determined based upon the average closing price of Whirlpool common stock for the 20 consecutive trading days ending two trading days prior to completion of the merger (the reference price determination period). For purposes of these pro forma statements, the adjustment assumes a $83.4488 per share average trading price of Whirlpool common stock for such period resulting in 10.1 million shares of Whirlpool common stock assumed to be issued in the merger. The merger agreement states the exchange ratio will be based on a minimum Whirlpool common stock price of $75.1039 per share and a maximum price of $91.7937 per share. Depending upon the price of Whirlpool common stock during the reference price determination period, incorporating all exercisable in-the-money Maytag stock options, between 9.2 million and 11.3 million shares of Whirlpool common stock could be issued to Maytag stockholders upon completion of the merger.

Based on the assumptions discussed above, Maytag stockholders will receive 0.1258 shares of Whirlpool common stock and $10.50 in cash for each share of Maytag common stock. Each outstanding Maytag stock option at the time of the merger will become exercisable for Whirlpool stock in accordance with the adjustment provisions of the stock option plans. Shares of Whirlpool common stock to be issued to Maytag stockholders in the merger will represent approximately 13% of the outstanding Whirlpool common stock after the merger, on a fully diluted basis.

Under the purchase method of accounting, the total consideration was determined using the weighted average Whirlpool closing stock prices beginning August 11, 2005 and ending August 16, 2005, the two days before and after the Whirlpool offer was determined to be a superior company proposal by the Maytag board. The preliminary consideration is as follows:

	Common Shares (stated value $1.00 share)	Capital in Excess of Par Value	Total
	(in millions, except share and per share amounts)		
Cash at $10.50 per share for approximately 80 million total shares purchased			$ 843
Issuance of shares of Whirlpool common stock to Maytag stockholders (10.1 million shares issued at $82.36 per share) in exchange for all outstanding Maytag common stock and any exercisable in-the-money options, calculated using the treasury stock method.	$ 10	$ 822	832
Estimated fair value of Maytag stock options assumed by Whirlpool			18
Estimated transaction costs (including $40 million fee paid to Maytag to reimburse it for the termination fee paid to Triton)			90
Total consideration			$ 1,783

For purposes of cash consideration to be paid to Maytag stockholders, Whirlpool has assumed that no existing cash will be utilized and that all payments will be financed through the issuance of $750 million of long-term debt at an estimated fixed weighted average interest rate of 6% and $93 million of short-term debt at an estimated variable weighted average interest rate of 4.5%. Actual amounts borrowed, sources of funding, and interest rates payable will depend on Whirlpool's cash balances and conditions in the capital markets, including prevailing rates of interest, at the time the merger is completed.

Whirlpool has not completed an assessment of the fair value of assets and liabilities of Maytag and the related business integration plans. The table below represents a preliminary allocation of the total consideration to Maytag's tangible and intangible assets and liabilities based on Whirlpool management's preliminary estimate of their respective fair value as of the date of the business combination.

		(in millions)
(d)	Maytag's historical net book deficit	$ (95)
(e)	Elimination of Maytag's historical goodwill and identifiable intangibles	(294)
(f)	Adjustment to fair value inventory	130
(g)	Adjustment to fair value property, plant and equipment	339
(h)	Adjustment to fair value identifiable intangible assets	1,225
(i)	Adjustment to fair value pension and post-retirement obligations	(624)
(j)	Change of control payments related to certain compensation plans identified in the merger agreement that will be paid at the completion of the merger	(14)
(k)	Deferred tax impact of purchase accounting adjustments	(360)
(l)	Adjustment to fair value deferred revenue	11
(m)	Adjustment to eliminate debt issuance costs	(13)
(n)	Residual goodwill created from the merger	1,478
	Total consideration allocated	$ 1,783

Upon completion of the fair value assessment after completion of the merger, Whirlpool anticipates that the ultimate purchase price allocation may differ materially from the preliminary assessment outlined above. Any changes to the initial estimates of the fair value of the assets and liabilities will be allocated to residual goodwill.

No pro forma adjustment has been made to Cost of Products Sold to reflect the increase in the fair value of Maytag's inventory because it will continue to be valued under the LIFO method due to the Internal Revenue Service LIFO conformity rule. Furthermore, we have assumed there are no significant LIFO liquidations for the combined company in the foreseeable future.

For purposes of the preliminary allocation, Whirlpool has estimated a fair value adjustment for Maytag's property, plant and equipment equal to approximately 25% of Maytag's accumulated depreciation, based on a review of Maytag's historical costs and internal experience with similar types of assets. The fair value adjustment will be depreciated over estimated useful lives of four to fifteen years depending on the asset(s).

Whirlpool has estimated the fair value of Maytag's identifiable intangible assets as $1,225 million. The preliminary allocation included in these pro forma financial statements is as follows:

	Increase in Value (in millions)	Estimated Average Remaining Useful Life (in years)
Asset Class:		
Brand and trade names	$ 975	Indefinite
Technology, customer relationships and other intangibles	250	10
	$ 1,225	

The majority of this intangible valuation relates to brand intangibles, including Maytag®, Amana®, Hoover®, Jenn-Air®, Magic Chef®, and others. Whirlpool typically considers brands to have indefinite lives; however, depending upon future intended uses and market conditions certain brands may be assigned definite lives. Whirlpool was unable to obtain certain information that will be used to calculate the final valuations of these intangibles as it was deemed to be competitively sensitive. For perspective, if Whirlpool identifies an additional $100 million of definite-lived intangibles with an estimated weighted average useful life of ten years, the annual income statement impact is estimated as $10 million before-tax.

Whirlpool has estimated the fair value of Maytag's pension and post-retirement obligation based on expected 2005 discount and asset return rates that are consistent with Whirlpool's existing plans. An actuarial valuation will be performed after the closing of the merger. The recognition of the fair value of Maytag's pension and post-retirement obligation eliminates the unrecognized actuarial loss and related amortization expense.

Deferred income tax impacts as a result of purchase accounting adjustments are estimated at the statutory income tax rate for the periods presented.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law permits Whirlpool's board of directors to indemnify any person against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit, or proceeding in which such person is made a party by reason of his or her being or having been a director, officer, employee, or agent of Whirlpool, or serving or having served, at the request of Whirlpool, as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act. The statute provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise.

Article Seventh of Whirlpool's restated certificate of incorporation provides for indemnification of its directors, officers, employees, and other agents to the fullest extent permitted by law.

As permitted by sections 102 and 145 of the Delaware General Corporation Law, Whirlpool's restated certificate of incorporation eliminates the liability of a Whirlpool director for monetary damages to Whirlpool and its stockholders arising from a breach or alleged breach of a director's fiduciary duty except for liability for any breach of the director's duty of loyalty to Whirlpool or its stockholders, liability for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, liability under section 174 of the Delaware General Corporation Law, or liability for any transaction from which the director derived an improper personal benefit.

In addition, Whirlpool maintains officers' and directors' insurance covering certain liabilities that may be incurred by officers and directors in the performance of their duties.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed as part of, or are incorporated by reference in, this registration statement:

Exhibit	Description
2.1*	Agreement and Plan of Merger, dated as of August 22, 2005, among Whirlpool Corporation, Whirlpool Acquisition Co., and Maytag Corporation (included as Annex A to the proxy statement/prospectus included herein).
2.2*	List of omitted schedules. Whirlpool agrees to furnish supplementally to the Securities and Exchange Commission, upon request, a copy of any omitted schedule.
2.3*	Confidentiality Agreement, dated as of July 26, 2005, between Maytag Corporation and Whirlpool Corporation.
4.1	Rights Agreement, dated April 21, 1998, between Whirlpool Corporation and First Chicago Trust Company of New York, as Rights Agent (filed as an exhibit to Whirlpool's Current Report on Form 8-K dated April 22, 1998 and incorporated herein by reference).
5.1*	Opinion of Weil, Gotshal & Manges LLP regarding the validity of the securities being registered in this registration statement.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm of Whirlpool Corporation.
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm of Maytag Corporation.
23.3*	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1).
24.1*	Powers of Attorney (included on signature page of this registration statement).
99.1*	Form of Maytag Proxy Card.

Filed herewith.

* Previously filed.

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The undersigned registrant hereby undertakes as follows: that every prospectus: (1) that is filed pursuant to the paragraph immediately preceding, or (2) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as part of an amendment to this registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the proxy statement/prospectus pursuant to Item 4, 10(b), 11 or 13 of this registration statement, within one business day of receipt of such request, and to send the incorporated documents by first-class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of this registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Benton Harbor, State of Michigan, on November 21, 2005.

WHIRLPOOL CORPORATION

By: /s/ DANIEL F. HOPP

Name: Daniel F. Hopp
Title: Senior Vice President, Corporate Affairs and General Counsel

Pursuant to the requirements of the Securities Act, this Amendment No. 2 to the registration statement has been signed by the following persons in the capacities indicated as of November 21, 2005.

Signature	Title
*	Director, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Jeff M. Fettig	
*	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Roy W. Templin	
*	Vice President and Controller (Principal Accounting Officer)
Ted A. Dosch	
*	Director
Herman Cain	
*	Director
Gary T. DiCamillo	
*	Director
Allan D. Gilmour	
*	Director
Kathleen J. Hempel	

*	
Michael F. Johnston	Director
*	
Arnold G. Langbo	Director
*	
Miles L. Marsh	Director
*	
Paul G. Stern	Director
*	
Janice D. Stoney	Director
*	
Michael D. White	Director

*By: /s/ DANIEL F. HOPP

Daniel F. Hopp
(Attorney-in-Fact)

EXHIBIT INDEX

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