

PUBLIC



U.S. V. AB ELECTROLUX ET AL.

United States' Opening Statement



Substantial Lessening of Competition Leads to Price Increases for Consumers



PRE-MERGER PRICING



Substantial Lessening of Competition Leads to Price Increases for Consumers



POST-MERGER PRICING



Summary: the Evidence Will Show that the Merger Likely Would Substantially Lessen Competition

- Merger brings together two of the three iconic appliance manufacturers
- Under Supreme Court and D.C. Circuit case law, harm is presumed
- Defendants cannot rebut the United States' case
 - The Presumption actually understates the likely harm
 - Entry, efficiencies, retailers, and Whirlpool/Maytag do not establish that the merger would benefit consumers



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Electrolux, GE, and Whirlpool Are the Dominant Appliance Manufacturers in North America



PX00001



Electrolux, GE, and Whirlpool Are the Dominant Appliance Manufacturers in North America



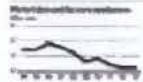
Market Research 2012

Market characteristics

Core markets

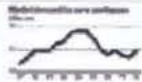
Refrigerators

Market growth is expected to continue in the coming years, driven by the replacement cycle and the growing demand for energy-efficient appliances. The market is expected to grow at a steady pace, with a focus on energy efficiency and smart appliances.



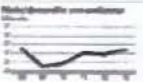
Washers & Dryers

Market growth is expected to continue in the coming years, driven by the replacement cycle and the growing demand for energy-efficient appliances. The market is expected to grow at a steady pace, with a focus on energy efficiency and smart appliances.



Freezers, Ice Chests and Ovens

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Market penetration is high, with a focus on energy efficiency and smart appliances.

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Manufacturer	Market Share (%)
Electrolux	35%
Whirlpool	30%
General Electric	25%

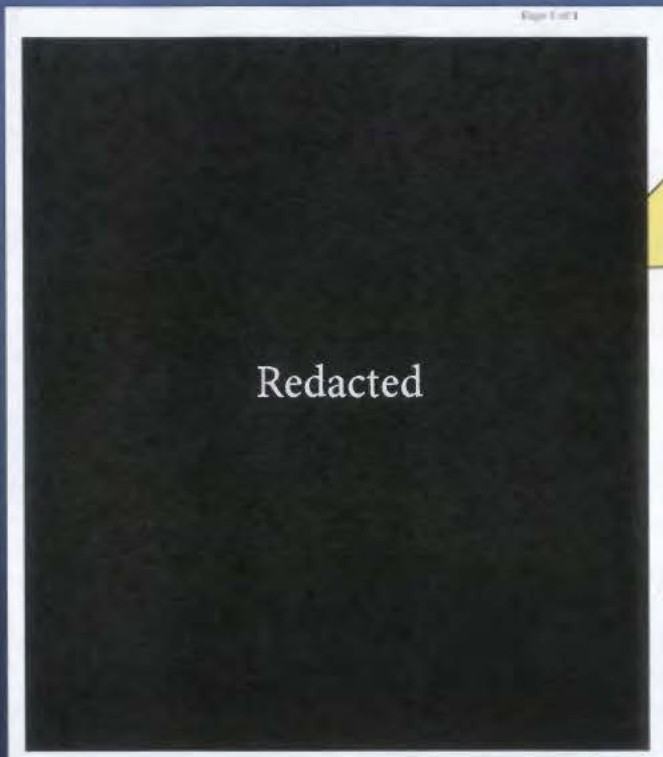
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The market is dominated by three manufacturers: Electrolux, Whirlpool and General Electric.



Electrolux and GE Combined Would Dominate Cooking Appliances



Based on both Elux's and GE's strength in REF and CKG, the combined entity would have a dominant position as market leader in those two categories.

PX00882 at -002



REDACTED

Recognizes Electrolux/GE Would Be Dominant in Cooking

REDACTED



REDACTED

Recognizes GE/Electrolux Would Be Dominant in Cooking

REDACTED



REDACTED

Recognizes Electrolux/GE Would Be Dominant in Cooking

REDACTED



Whirlpool Supports the Merger



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FD (Fair Disclosure) Wire

December 17, 2014 Wednesday

TRANSCRIPT: 121714e5569341.741

LENGTH: 19643 words

HEADLINE: Whirlpool Corp Investor Day - Final

BODY:

Corporate Participants

* Chris Conley

Whirlpool Corporation - Senior Director of IR

* Jeff Fettig

Whirlpool Corporation - Chairman and CEO

* Michael Toppo

Whirlpool Corporation - President of Whirlpool International

* Marc Rizzer

Whirlpool Corporation - Vice Chairman

* Mike Toppo

Whirlpool Corporation - Vice Chairman

* Larry Venturelli

Whirlpool Corporation - EVP and CFO

Conference Call Participants

* Megan McGrath

PX00009



Whirlpool Supports the Merger



Whirlpool Corp Investor Day - First FD (for Distributors) W/et December 17, 2014 Wednesday Page 17

M&A coming, how does that go into your plans for growing top line and being competitive looking forward?

MARC BITZER: You know, Megan, in that point, in short, we actually see what's happening right now as an opportunity for us. Now let me expand on that point.

The GE Electrolux acquisition, which, as you know, is not yet approved and will probably still take some time to improve, but that's not so to make a decision, we see both in the short-term and the long-term that actually has an overall positive outcome for us from a competitive perspective.

First of all, the next six to nine months or whatever -- however long it takes us gives us a tangible opportunity in the marketplace, and we see these costs already rising right now. But in the long-term -- actually in particular if you look at the premium in 2015, Electrolux is an ethical, a value-driven company, and as such, it's a competitive still. But you also know they also have quarterly earnings to make. They have annual earnings to make. They are behind. They slide by the law, and that, in a competitive landscape, I would say is generally good news.

CHRIS CORBLEY: Okay. Next question? Let's go with Ken Zener.

KEN ZENER, ANALYST, KEYBANC CAPITAL MARKETS: Good morning, gentlemen. Ken Zener at KeyBanc. Given what's happening in Russia, I realize you have laid out a large anti-tariff here, but I wonder if you could help us relate here. Mikhail, you talked about you guys are used to dealing with volatility in Latin America, delivering 9%, 10% margin, giving an 11% margin target for that region. Clearly there has been a lot of volatility there, and third-quarter volumes were down 10% or 15%. You got 13% of positive price.

For all of us in the room, given what Russia is and I think you said you had roughly \$800 million exposure in Russia. That's not too far from though, so it's going up, right? So if you could just highlight it, that would be with India, that would be useful. But specifically, tell us how you think about how Russia differs from volatility in Latin America, how your cost position might be different, and how your market share impacts your volatility?

MIKE TODMAN: Very timely question. Let me talk to macro and then I would like Mike to speak specifically about Russia. As I said, volatility is not new. It's been pretty intense the last couple of weeks in commodities, and commodities, in oil, in all these kinds of things. And I will be the first person to say it, we're not very good about predicting those things. And if we thought we were, I would be really worried because we aren't.

So our ability to respond I think is the key. And we do -- Latin America is a great example of -- over time, how we -- kind of in my mind is the curve of change is always going to happen, and our job is to be at the front end of that curve. And so if the external environment changes, we have to readily adapt. And so that's been quite quote our Latin America model, but that's also been our India model, too, by the way. There are two big emerging markets.

Russia for us is largely new. We had a little presence, but with lack of, the weight of Russia was much, much bigger. Globally though, I would just say Russia is used to probably less than 7% of our revenues next year. So -- and I don't want to minimize it, but first Jerry announces it, and then, you might then speak in more detail about it.

MARC BITZER: Problem with today's news, it's not surprising that Russia is a key question. Let me first give two fundamental comments and then one more specific operation on what we're doing right now.

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The GE Electrolux acquisition ... we see both in the short-term and the long-term that actually has an overall positive outcome for us from a competitive perspective.

PX00009 at -022

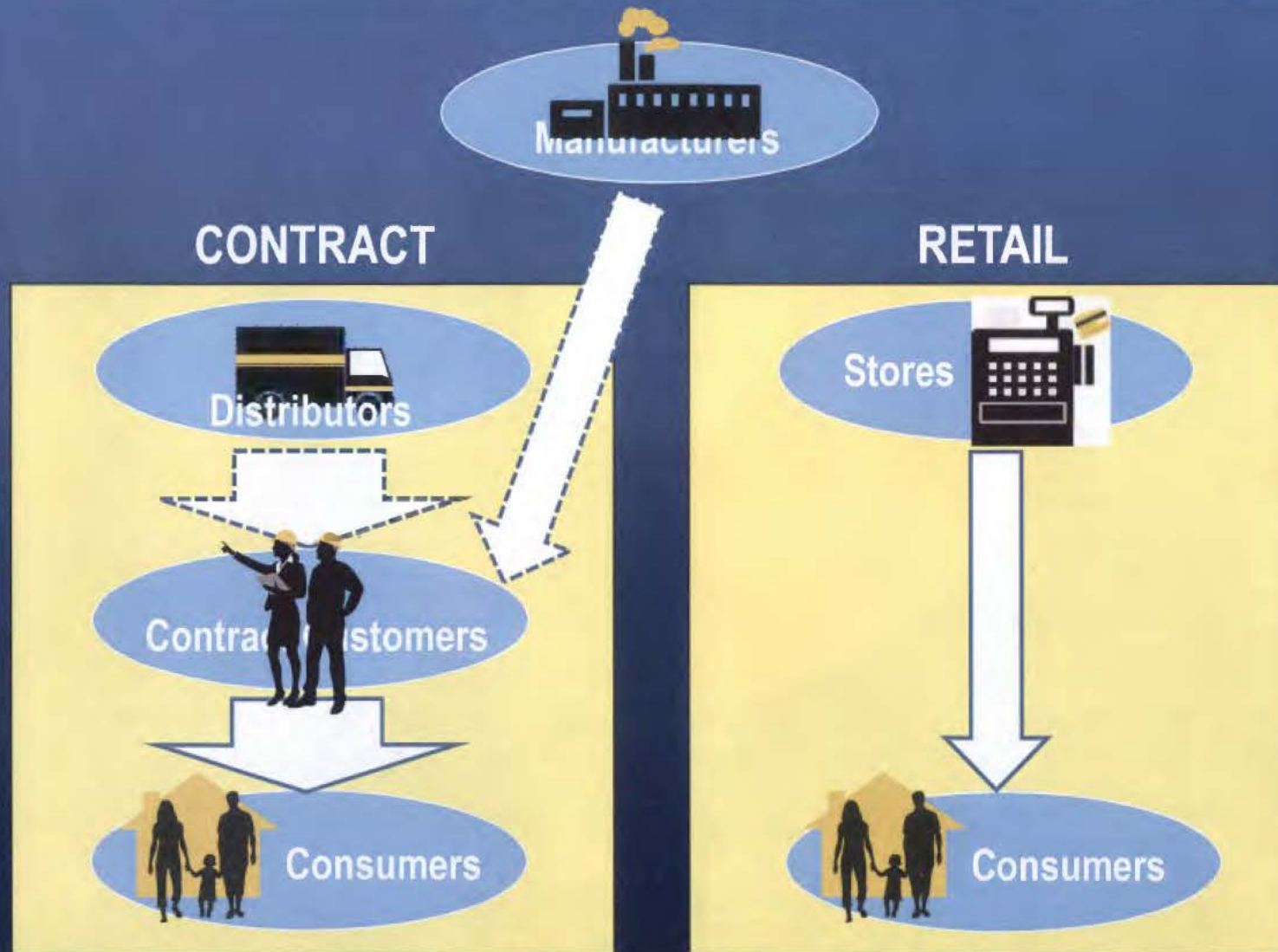


Whirlpool Supports the Merger

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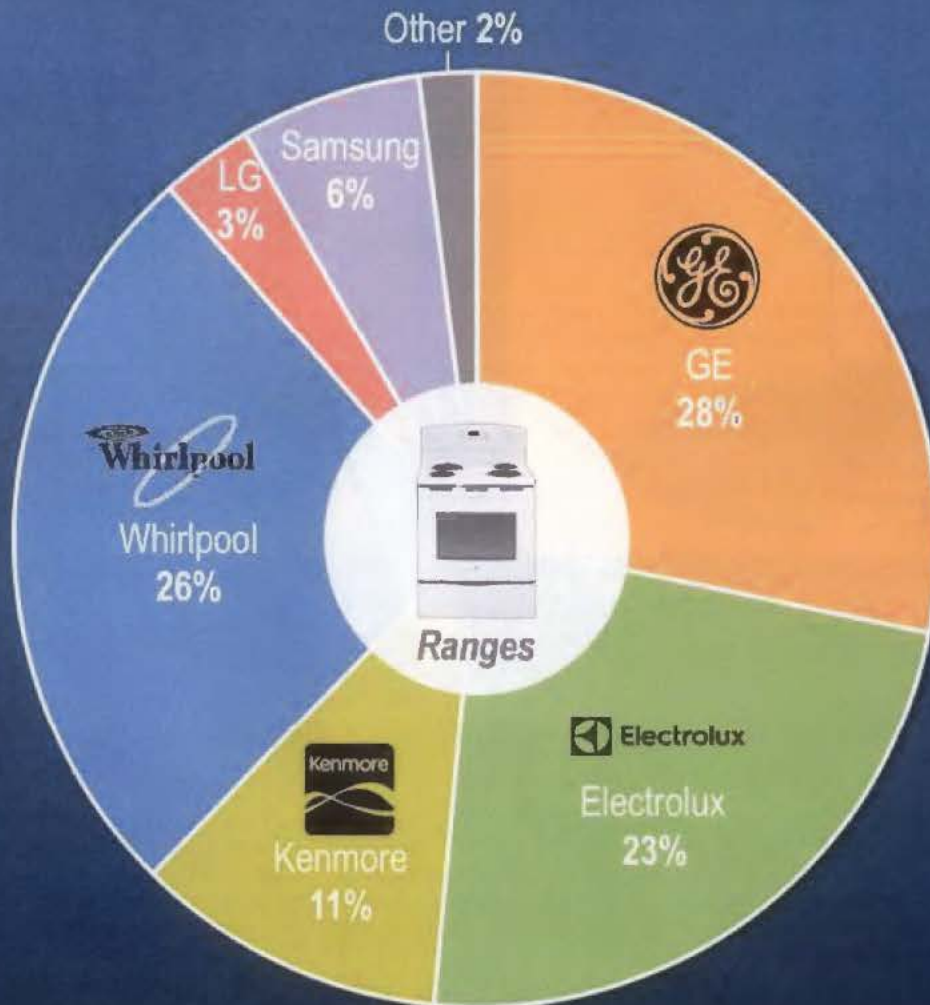


Appliance Manufacturers Sell Through Retail and Contract Channels



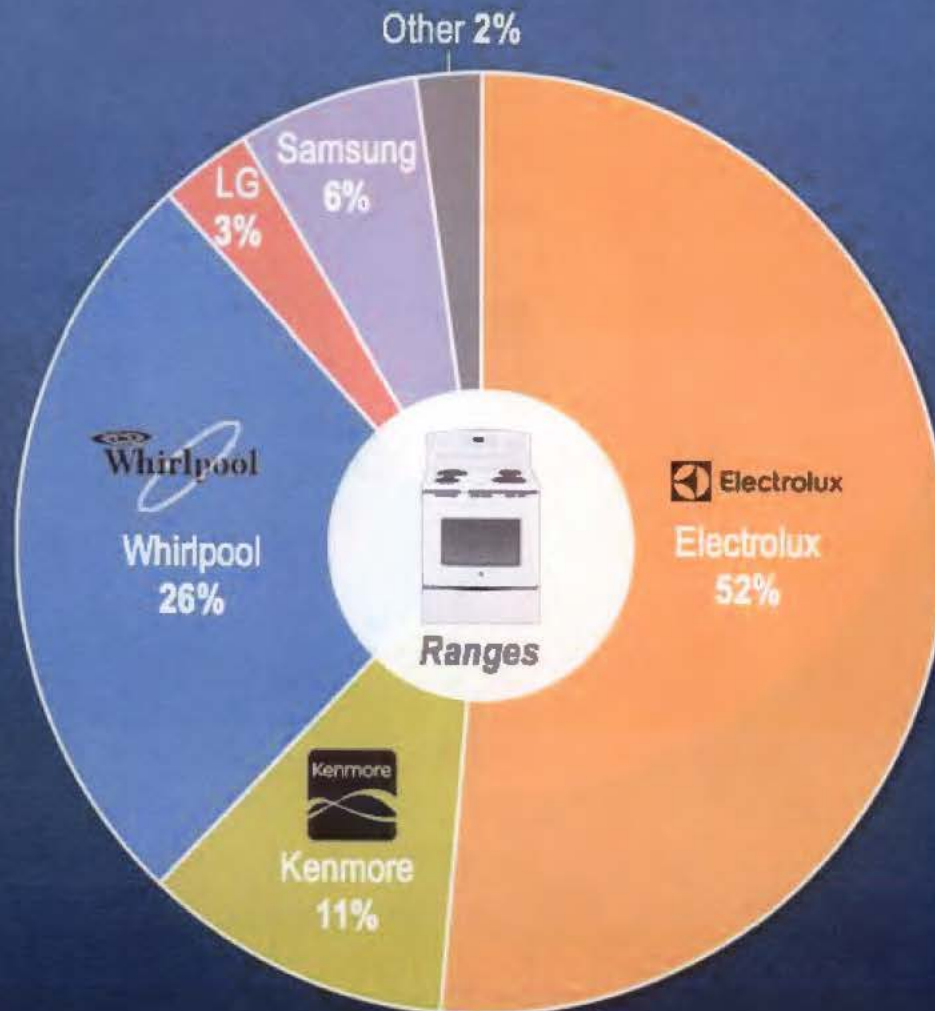


Pre-Merger Shares (Retail and Contract)



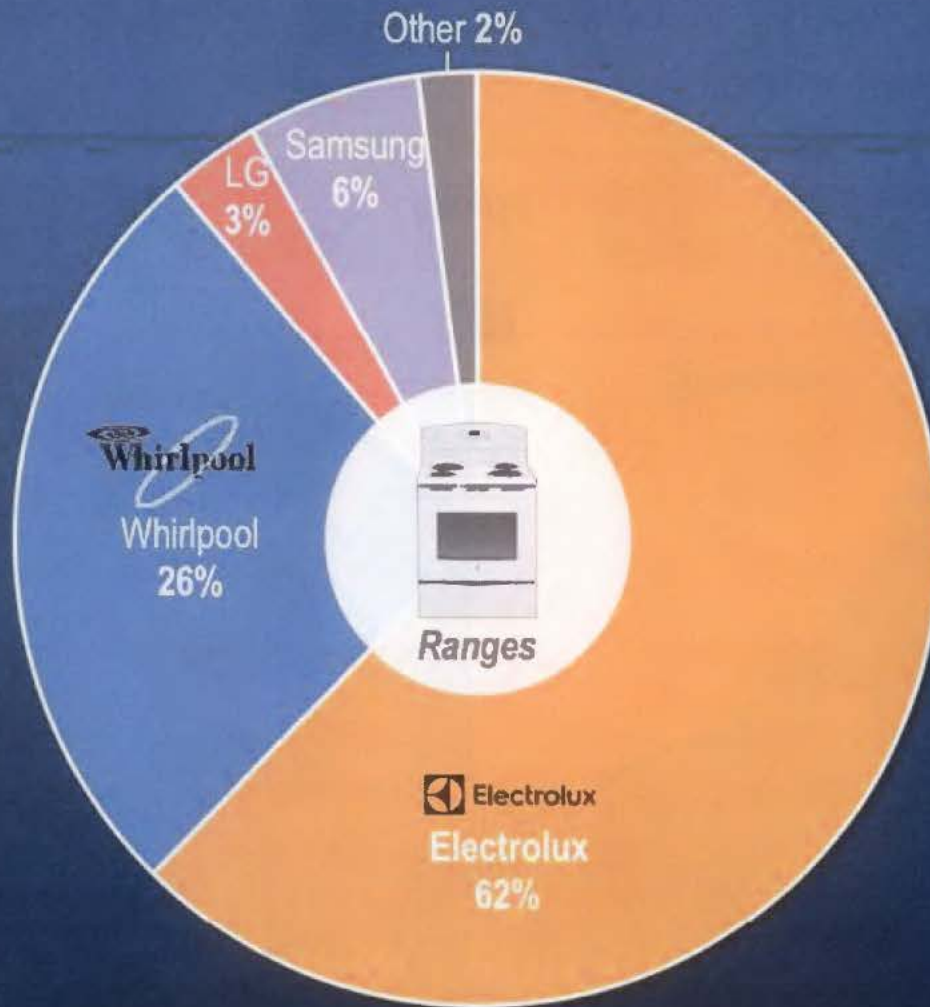


Post-Merger Shares (Retail and Contract)



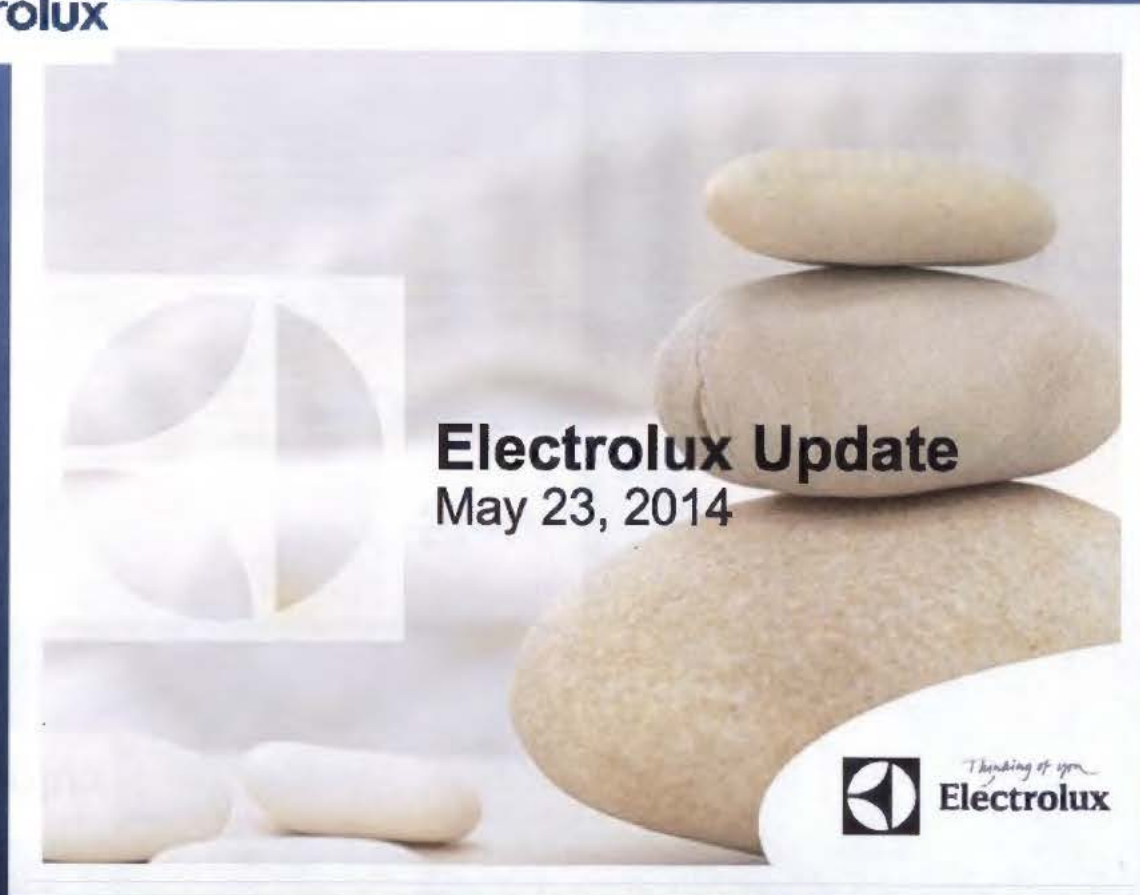


Post-Merger Shares (Retail and Contract)





Electrolux and GE Are Leaders in Cooking Appliances



PX00305



Electrolux and GE Are Leaders in Cooking Appliances



SWOT

Strengths

- Strength in professional appliances
- Industry leading laundry features (fastest wash & dry, best cleaning, most energy efficient)
- **Leading cooking company**
- Most recognized industry campaign
- Design of product

Weakness

- Historical quality issues particularly for refrigeration
- Limited...
- Continued quality issues for refrigeration
- Lack of significant innovation since launch, particularly in refrigeration & laundry

Opportunities

- Opportunity to expand distribution partners into national & dealer accounts
- New product introductions including dish & wall ovens
- Opportunity to expand into relevant sub-categories (top load laundry, FSFC, top mount refrigeration)

Threats

- Aggressive promotions from competitors
- Constant "innovation" from competitors
- Kitchen product not turning on existing national account

Strengths

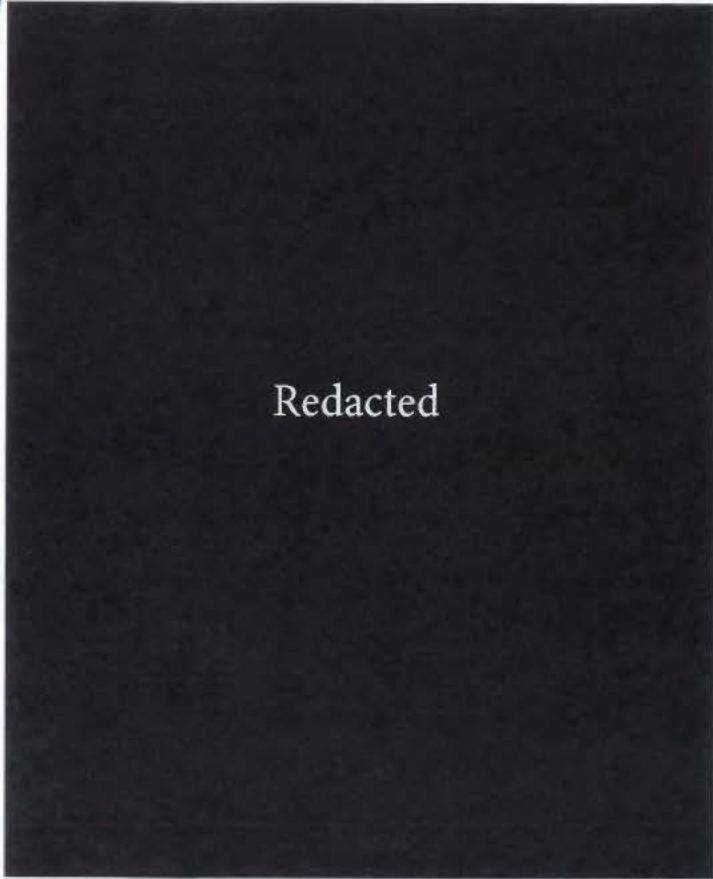
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- **Leading cooking company**

PX00305 at -0037



Electrolux and GE Are Leaders in Cooking Appliances



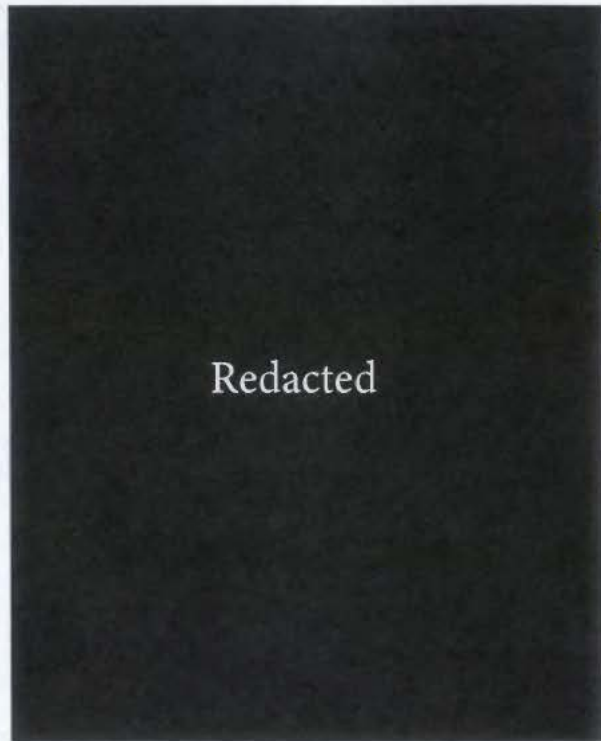
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PX01155



Electrolux and GE Are Leaders in Cooking Appliances



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.... leverage our
strength in
Cooking – this
our heritage.

PX01155 at -330



Electrolux and GE Are Leaders in Cooking Appliances

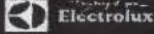


PX00225



Electrolux and GE Are Leaders in Cooking Appliances



Observations 

- ◆ Through this exercise, we could capture good Competitor price intelligence for Cooking followed by Refrigeration but very limited information for Laundry, Freezer and dishwasher.
- ◆ **Refrigeration**
 - ◆ Electrolux is positioned with the lowest prices in the market for Refrigeration with lot more SKUs in Bottom mount and S&B but very limited in Top Mounts
 - ◆ Bottom mount has closest competition with all Brands playing in almost the same price range.
 - ◆ Whirlpool over shares the 18 cut market and has many competitors SKUs placed in this segment
- ◆ **Cooking**
 - ◆ Whirlpool and GE are the Top 2 competitors for Electrolux in Cooking.
 - ◆ GE poses very dense competition to Electrolux in CookTops and Ranges.
 - ◆ Electrolux placed with an average IAPF in the market with Maytag and Kitchen Aid marketing lower priced SKUs both in Cook tops and side-by-side segments
- ◆ **Laundry**
 - ◆ GE positions some low priced SKUs online in the Top load Washer and Dryer category
 - ◆ Though the dealer price for the GE SKUs is higher than Electrolux SKUs, the list price shows lower than Electrolux for TL Washer and Dryer.
- ◆ **Freezer**
 - ◆ Electrolux SKUs are positioned at higher price points in the market.
 - ◆ Electrolux is priced higher in Large Upright but online it shows at a much lower price/competitor price against Whirlpool or GE.

• GE poses very dense competition to Electrolux in Cooktops and Ranges

PX00225 at -004



Electrolux and GE Are Leaders in Cooking Appliances

Q. Significant amount of competition between GE and Electrolux in the sale of cooking appliances in the United States?

A. Yes.

Q. [Is] Electrolux a formidable and efficient appliance supplier?

A. They are a strong competitor in the market.

- Deposition of Mr. Jonathan Orszag



Electrolux and GE Are Leaders in Cooking Appliances

SKU Count

700

600

500

400

300

200

100

0

585



GE

308



Electrolux

416



Whirlpool

61



LG

35



Samsung



Examples of Competition: \$2,000 Kitchen Package Rebate



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AB10102034

**GE is not sitting
back
The up to \$2,000
rebate goes after
Electrolux.**

PX00392 at -034



Examples of Competition: Guaranteed Wall Oven Fit

GE Fits Guarantee

October 10, 2014



imagination at work



Examples of Competition: Guaranteed Wall Oven Fit

The GE Advantage

Size	Manufact.	GE Fits Today	Mfr Share of Install Base	
27	GE	Y	40	← #1 Install Base
27	Bosch			
27	Electrolux	Y	6	
27	Kenmore	Y	13	
27	Thermador			
27	Viking			
27	Whirlpool	Y	27	
30	GE	Y	40	
30	Bosch			
30	Electrolux	Y	6	
30	Kenmore	Y	13	
30	Miele			
30	Thermador			
30	Viking			
30	Whirlpool	Y	27	
30	LG			
Total:			86	



5
GE Title or job number
10/13/16



Examples of Competition: GE Drives Electrolux's Prices Down



PCR Monthly Update

From:
charles.heiserman@electrolux.com
To:
merk.d.chambers@electrolux.com, john.r.graff@electrolux.com
Cc:
david.nelson@electrolux.com
Date:
Mon, 03 Oct 2011 18:58:11 +0000
Attachments:
PCR Call report Oct 1.xlsx (48.9 kB)

Merk,

Please find the attached monthly update for PCR. I used to send this to Rick.

It is an overview of where we are YTD and what the current status is as well as comp information. Let me know if you would like anything added.

Thanks



PCR Call report Oct 1.xlsx

Regards,

Carley Heiserman
Electrolux Major Appliances
Director PC Richard
Office 631-777-4135
Cell 704-840-8219
Fax 708-858-2901

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ABE00329671

PX00318 at -671



Examples of Competition: GE Drives Electrolux's Prices Down



PX00318 at -001

Header: 2/28/2008, 2/28/08

Section: Business Plan

Section: Executive Summary

Section: Key Assumptions

Section: Sales by Segment

Segment	2008 Revenue	2008 Units	2008 Margin	2009 Revenue	2009 Units	2009 Margin
Home Appliances	1,200,000	1,200,000	15%	1,100,000	1,100,000	15%
Commercial	800,000	800,000	15%	750,000	750,000	15%
Service	100,000	100,000	15%	100,000	100,000	15%
Other	50,000	50,000	15%	50,000	50,000	15%
Total	2,150,000	2,150,000	15%	2,000,000	2,000,000	15%

Section: Financial Summary

Item	2008	2009
Revenue	2,150,000	2,000,000
Operating Expenses	1,800,000	1,700,000
Operating Profit	350,000	300,000
Net Income	250,000	200,000

Section: Strategic Initiatives

Section: Risk Assessment

Section: Appendix

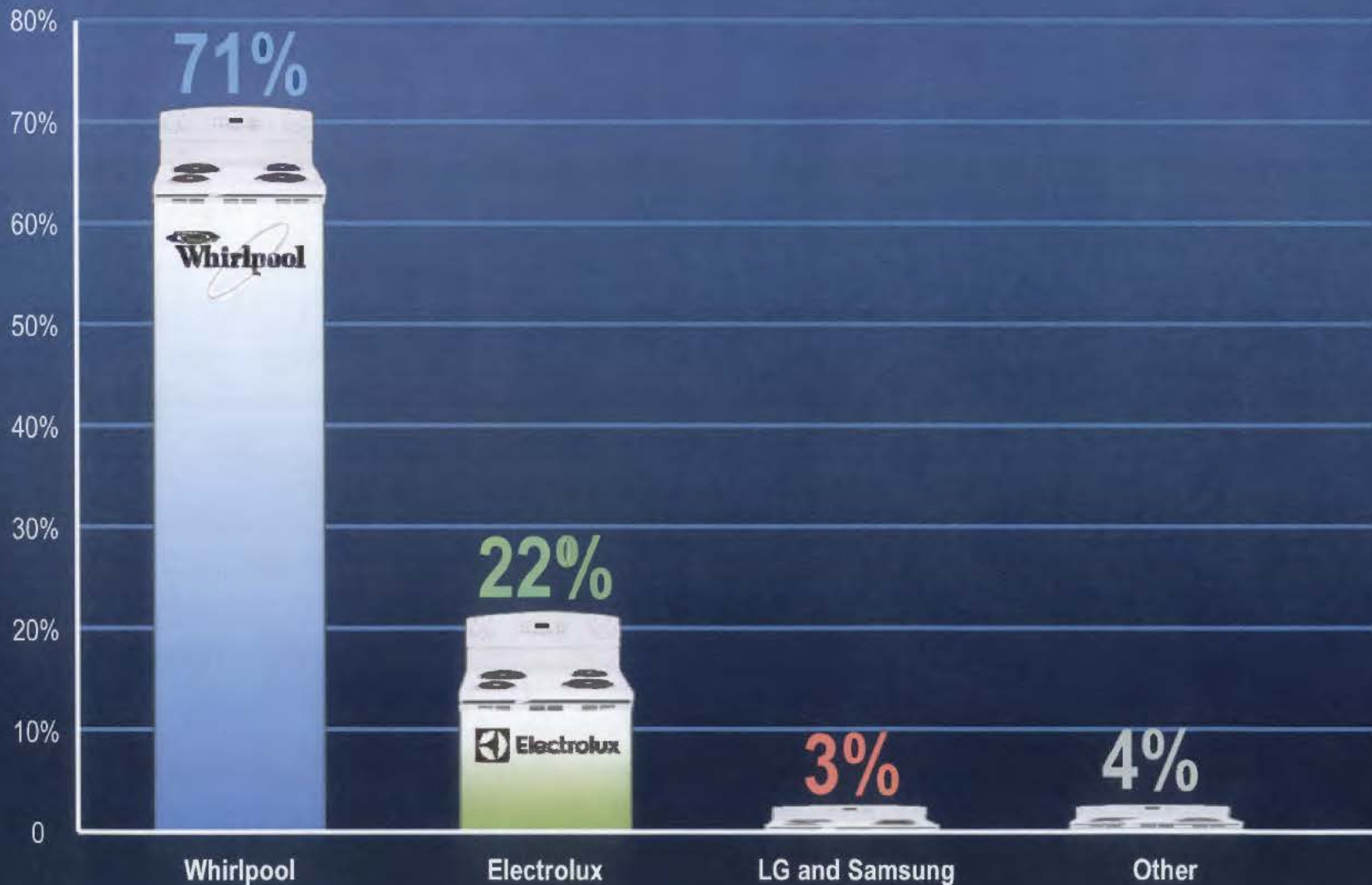
Competitive Landscape

....

GE is still very aggressive in cooking driving our margins down to keep floor space.

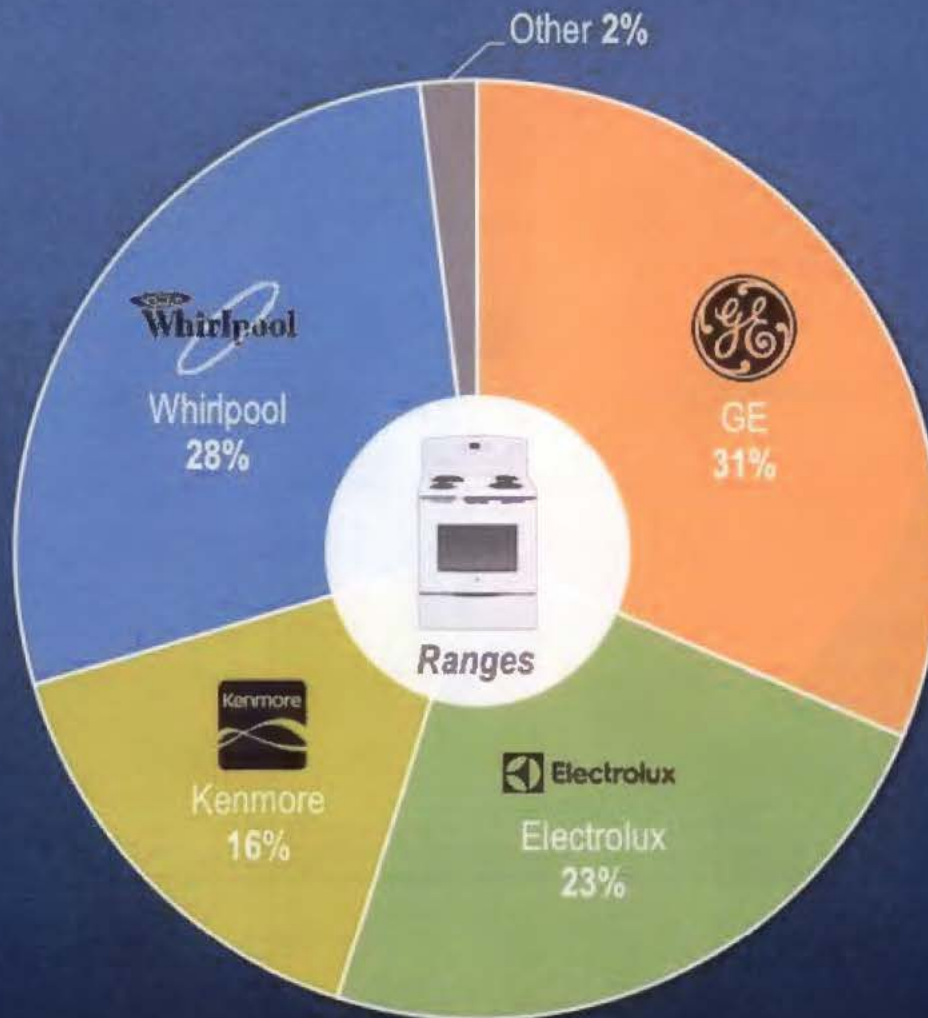


Examples of Competition: GE Lowers Its Price Because of Electrolux Competition (Retail)



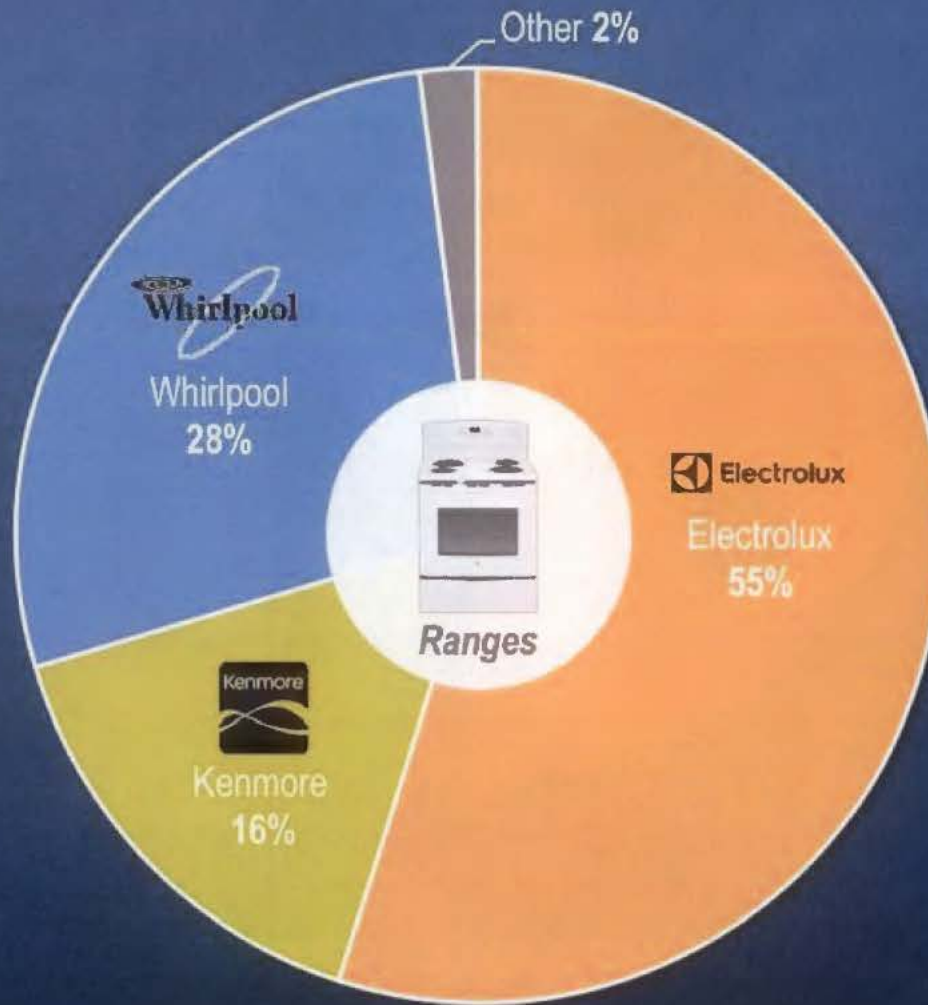


Pre-Merger Shares of Ranges (Lowest Wholesale Prices)



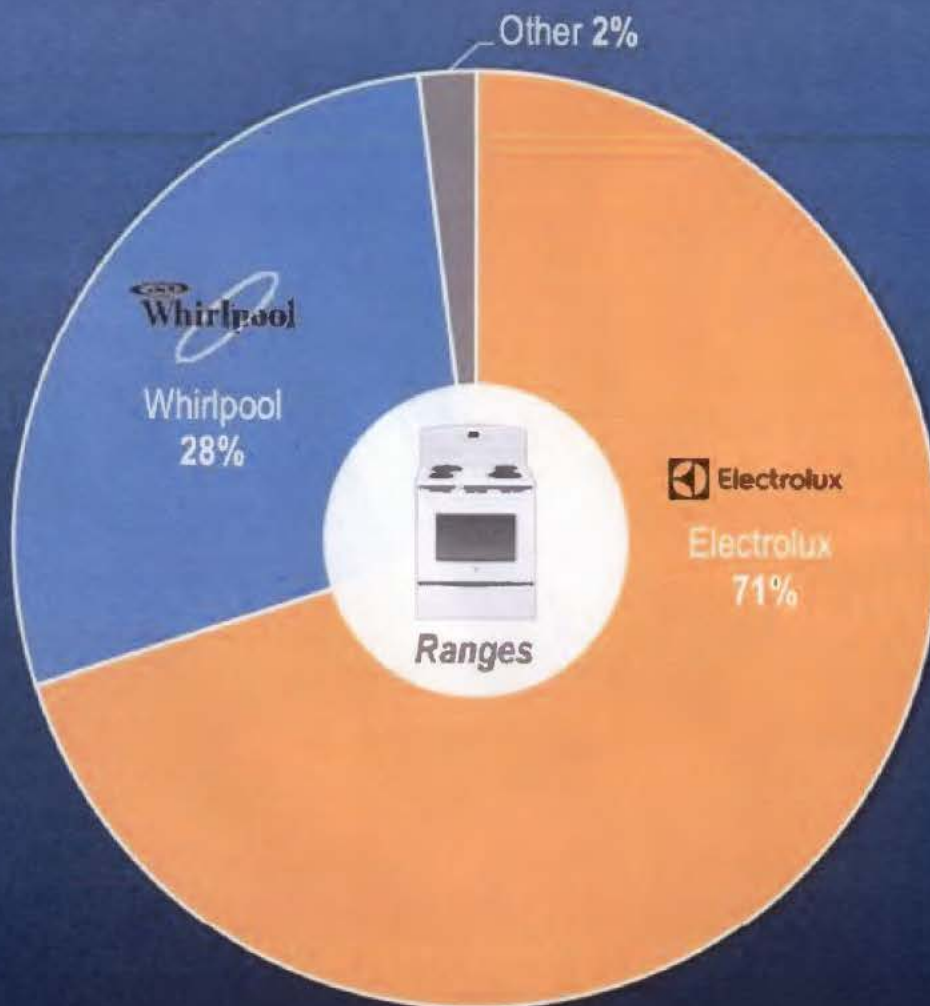


Post-Merger Shares of Ranges (Lowest Wholesale Prices)



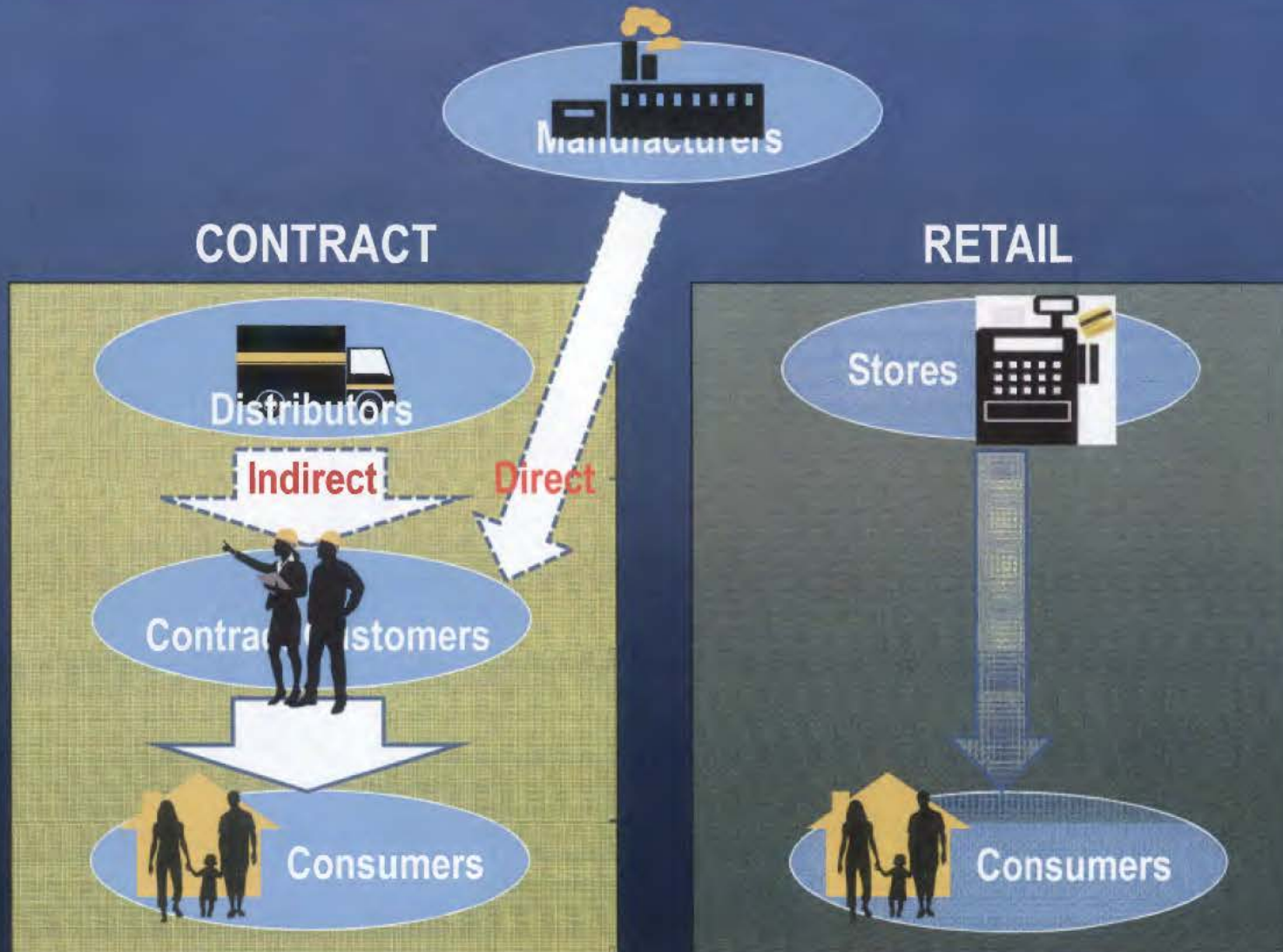


Post-Merger Shares of Ranges (Lowest Wholesale Prices)



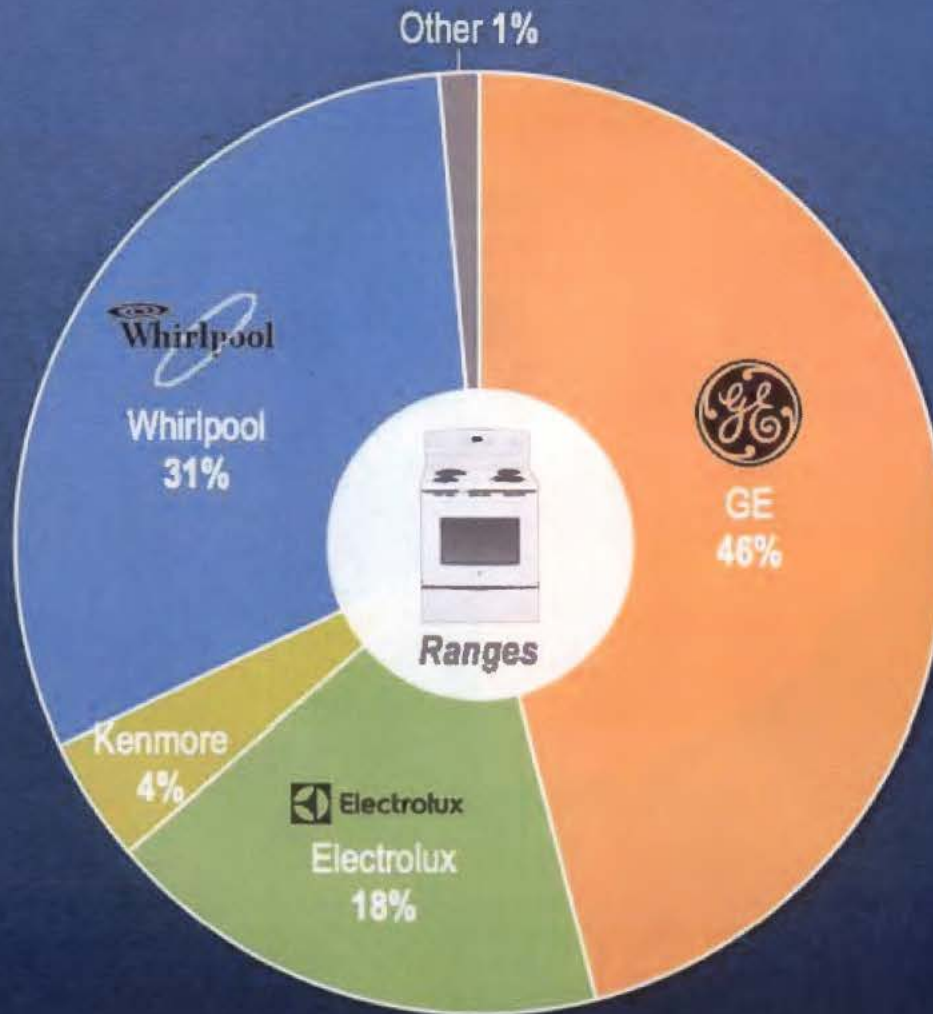


Appliance Manufacturers Sell Through Direct and Indirect Contract Channels



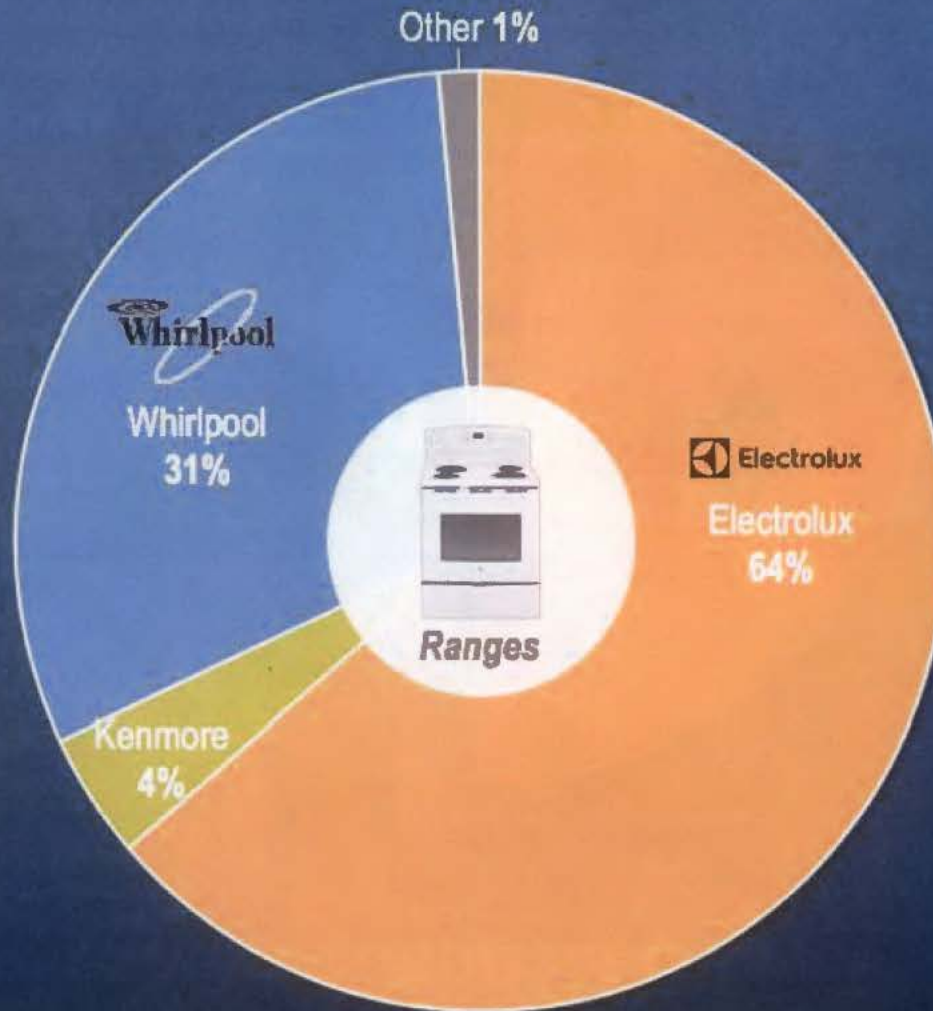


Pre-Merger Shares of Ranges (Contract Only)



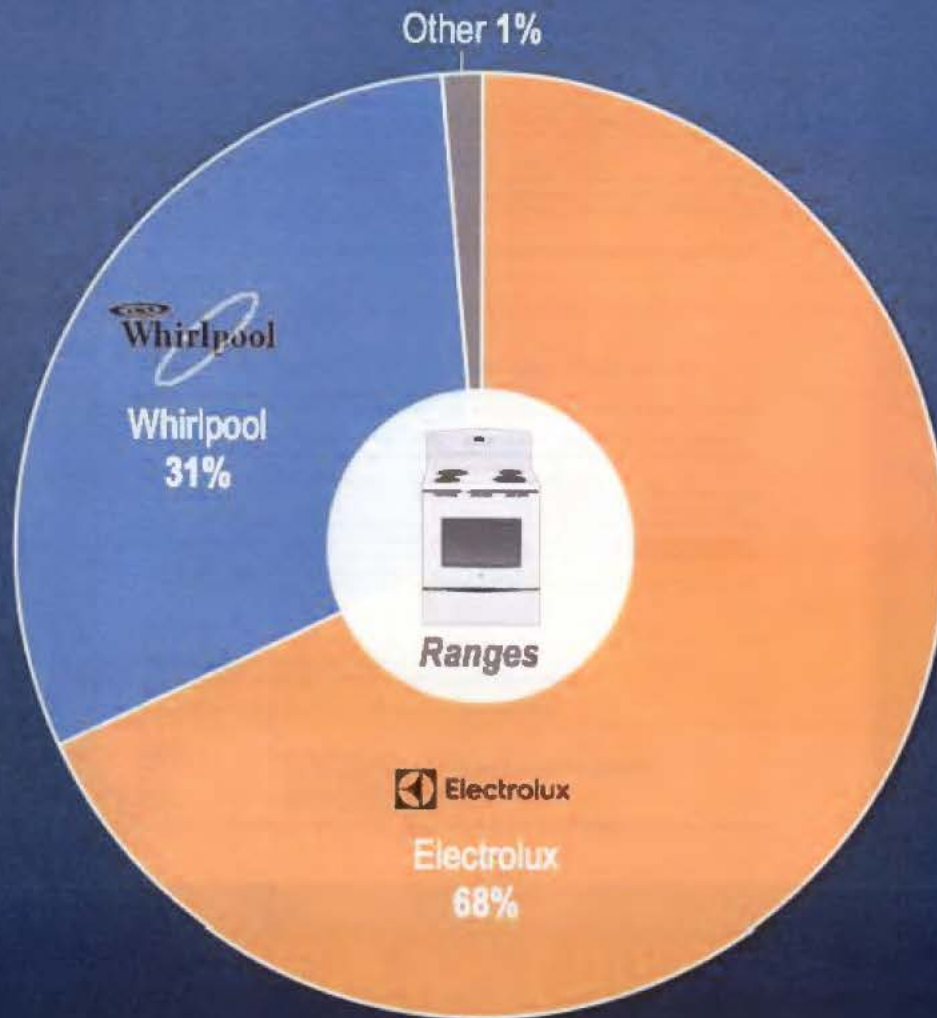


Post-Merger Shares of Ranges (Contract Only)





Post-Merger Shares of Ranges (Contract Only)





Electrolux, GE, and Whirlpool Dominate the Contract Channel



From: **Beauregard, Paul R (GE, Appl & Light)**
 Sent: **Wednesday, February 13, 2013 2:29 PM**
 To: **Anderson, David W (GE, Appl & Light)**
 Cc: **Beauregard, Paul R (GE, Appl & Light); Robinson, Steve (GE, Appl & Light)**
 Subject: **Re: 33" Side by Side**

Pa. Do not panic this email around. As you know very sensitive topic.

On Feb 13, 2013, at 10:09 AM, "Anderson, David W (GE, Appl & Light)" <DAVID.ANDERSON@GE.COM> wrote:

Outside our multi-year national accounts, most all of our sales are either side-by-side or top/bottom. It is critical that we use competitive as well as our offerings.

We've had some success in our side-by-side offering, however a few sheets of feedback. So if we were out all the 33" side by side, all are the competitors, then every 33" side by side package offering one begins with a 33" side by side GE would then have a competitive offer. We would then have to at jobs that specified a 33" side by side for the project if we were unsuccessful with a competitive offer. This would be a significant barrier to entry as it is not possible to offer a 33" side by side GE, Chicago High Rise type projects. It is our goal to be not competitive on the refrigerator within the package and lose the job then we lose all major side-by-side products. Not having a 33" side by side would also knock us out of replace our business.

We've then seen to a bottom loader as the refrigerator market which would be more that it would be acceptable to job open it around and it could be the like were similar equipment as a side by side with size and water dispenser of a similar type.

So what you're proposing would be to use a 33" side by side of Paul R's side by side offers some quotes. Do we expect to have a good position that would allow us to compete against their side-by-side?

Thought comments below. Best bet to call to discuss or set up a meeting and fill company in your office in next.

-----Original Message-----
 From: **Beauregard, Paul R (GE, Appl & Light)**
 Sent: **Wednesday, February 13, 2013 8:58 AM**
 To: **Anderson, David W (GE, Appl & Light)**
 Subject:

This for talking with both, and follow up to whether will see if we can have a 22" or 33" and form a 22" or 33" side by side as well as well.

5 percent of accounts that will go to life and we get a job - would need to be able to meet the job spec, and for competitive against the 33" competitive products offering [partially 40%] ... then to pay same as the customer to spend more for the 22" percent of accounts that would have to give the life at same price to fulfill need. Without a 33" side by side we would not meet the job spec and customer would not be able to do a match or be unsuccessful in the bid.

20 percent of accounts that would be lost as we don't have a 33" side by side. We would lose the accounts that jobs that specify a 33" side by side for the project if we were unsuccessful with a competitive offer. This would be a significant barrier to entry as it is not possible to offer a 33" side by side GE, Chicago High Rise type projects. It is our goal to be not competitive on the refrigerator within the package and lose the job then we lose all major side-by-side products.

David W (GE, Appl & Light)

Do not panic this email

1

GE001684150
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PX01402 at -150



Electrolux, GE, and Whirlpool Dominate the Contract Channel



From: Sullivan, Paul R (GE, Appl & Light)
 Sent: Wednesday, February 13, 2013 2:21 PM
 To: Anderson, David W (GE, Appl & Light)
 CC: Ronn, Matthew (GE, Appl & Light); Sullivan, Paul R (GE, Appl & Light)
 Subject: RE: 23" Dish By Dish

To: Do not provide this email forward. As you have very sensitive topics

On Feb 13, 2013, at 9:58 AM, "Anderson, David W (GE, Appl & Light)" <DAVID.ANDERSON@GE.COM> wrote:

Hi David, we will be providing you with a bid for the 23" Dish By Dish program. The bid is for the 23" Dish By Dish program. The bid is for the 23" Dish By Dish program. The bid is for the 23" Dish By Dish program.

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Outside our multi-year national accounts; most all of our jobs are individually competitively bid against WP and Frigidaire.

PX01402 at -150



Electrolux Is Challenging GE and Whirlpool's Contract-Channel "Oligopoly"



Redacted

GE and Wpl have an oligopoly of sorts in the contract world, execute business this way.

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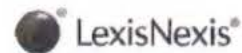
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Electrolux Is Challenging GE and Whirlpool's Contract-Channel "Oligopoly"



Page 1



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FD (Fair Disclosure) Wire

April 24, 2013 Wednesday

TRANSCRIPT: 042413a5057960.760

LENGTH: 7654 words

HEADLINE: Q1 2013 Whirlpool Corporation Earnings Conference Call - Final

BODY:

Corporate Participants

* Joe Lovechio

Whirlpool Corporation - Director of IR

* Jeff Fettig

Whirlpool Corp - Chairman & CEO

* Marc Bittzer

Whirlpool Corp - President of North America

* Michael - Mike Todman

Whirlpool Corp - President of Whirlpool International

* Larry Ventarelli

Whirlpool Corp - CFO & EVP

Conference Call Participants

* Sam Darkash

Raymond James & Associates - Analyst

U.S. v. AB Electrolux
1:15-cv-01019-EGS
PX01711

DOJ-LIT-00019350

PX01711



Electrolux Is Challenging GE and Whirlpool's Contract-Channel "Oligopoly"

BCG

 **Electrolux**

Electrolux Channel and Growth Strategy

Steering Committee #1

December 18th, 2009

THE BOSTON CONSULTING GROUP

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Electrolux Is Challenging GE and Whirlpool's Contract-Channel "Oligopoly"

BCG

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Summary of our perspective on the builder opportunity

Is builder an attractive channel?

- Channel appears attractive, with pre-emsh historical revenue in the range of ~\$5B
- Historically, new starts comprise ~12 – 15% of total appliance market, currently significantly depressed
- Current ELUX plans appear reasonable and suggest opportunity to build ~\$150 in incremental revenue by 2012

What are key customer segments?

- Two main segments in the market – direct and distributor – roughly equal in size
- Developing direct-to-home delivery capability suggests viable access to 45-55% of market
- Market fragmented, with large builders (making > 5000 homes p.a.) making up 24% of market, while small builders (making < 300) comprise 64% of market

What will be required to serve the direct segment well?

- Market currently served by duopoly of GE/ WHR, and builders are open to a 3rd player
- Interviews suggest ELUX/Fig have a strong value proposition, but there are awareness gaps
- Table-stakes to enter suggest ELUX must invest in major supply chain and customer service capability building

What are the key risks associated with entry?

- Limited strategic risk perceived in piloting phase is viable
- As ELUX builds presence and steals share, some potential to see increased price competition
 - Believe risk mitigated by current GE/WHR low pricing levels (eg. potentially not much more room to lower price), but important to monitor

What is the (current view) of the business case?

- Preliminary view of the business case suggests that three key dimensions are critical to success:
 - Pricing for direct products (ie. base and mix/inclusion), pricing / implementation of delivery / install service, incremental logistics costs (operation and investment)

Market currently served by duopoly of GE/WHR, and builders are open to a 3rd player

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Examples of Competition: Contract Channel

REDACTED



Examples of Competition: Contract Channel

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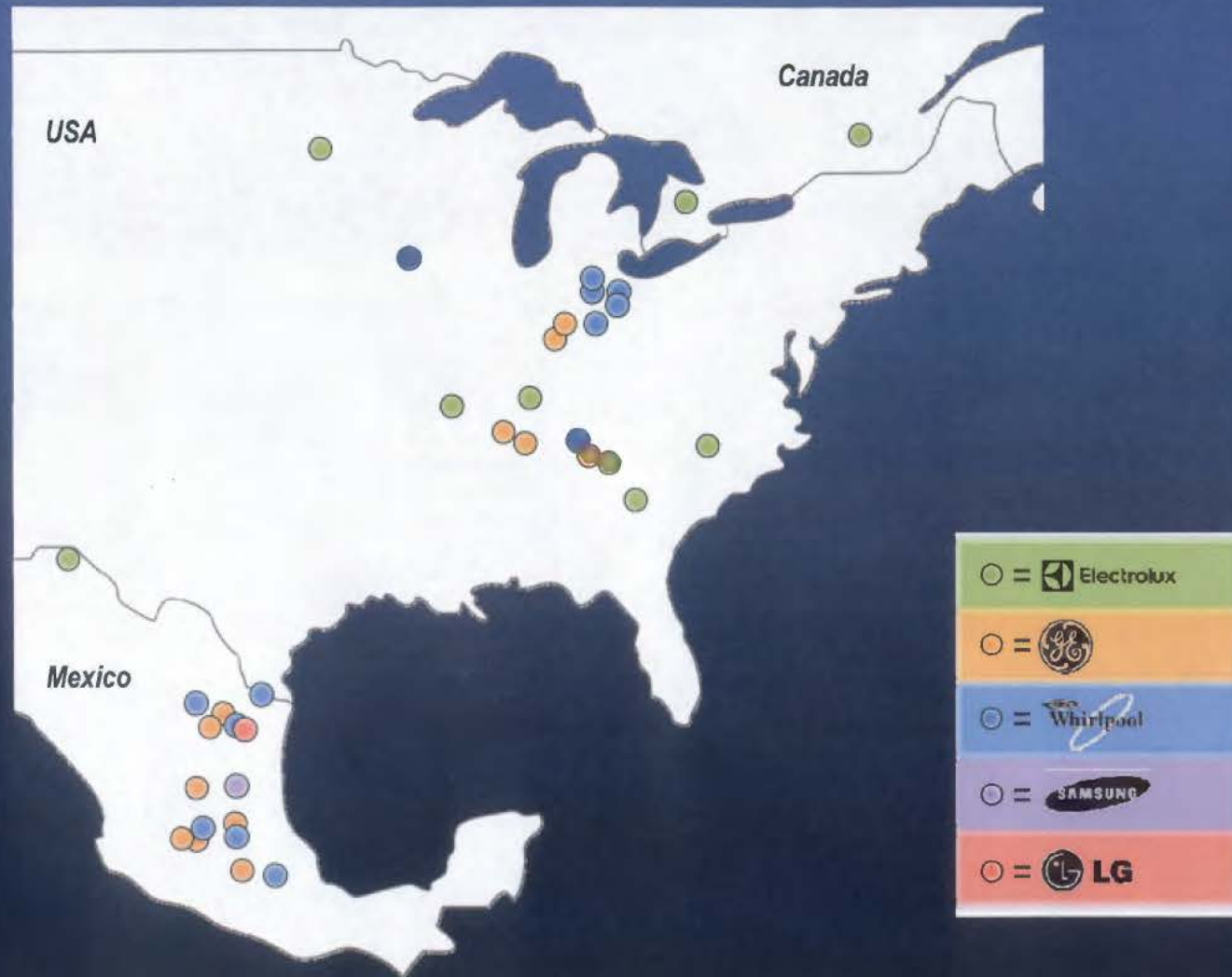
Examples of Competition: Contract Channel

Electrolux's Shares of Cooking in the Contract Channel





Examples of Competition: Contract Channel





Examples of Competition: Contract Channel



Redacted

We're about to be fired due to pricing. Frigidaire has come in and busted us. I've been raising this account for years as being too high for the industry but not allowed to take proactive cuts. Chickens came home to roost. They're going to leave us immediately if we don't respond.

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Examples of Competition: Contract Channel



GE Appliances

P.C. Richard & Son Briefing Package
December 17, 2013

Chip Blankenship
President & CEO
GE Appliances



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Examples of Competition: Contract Channel



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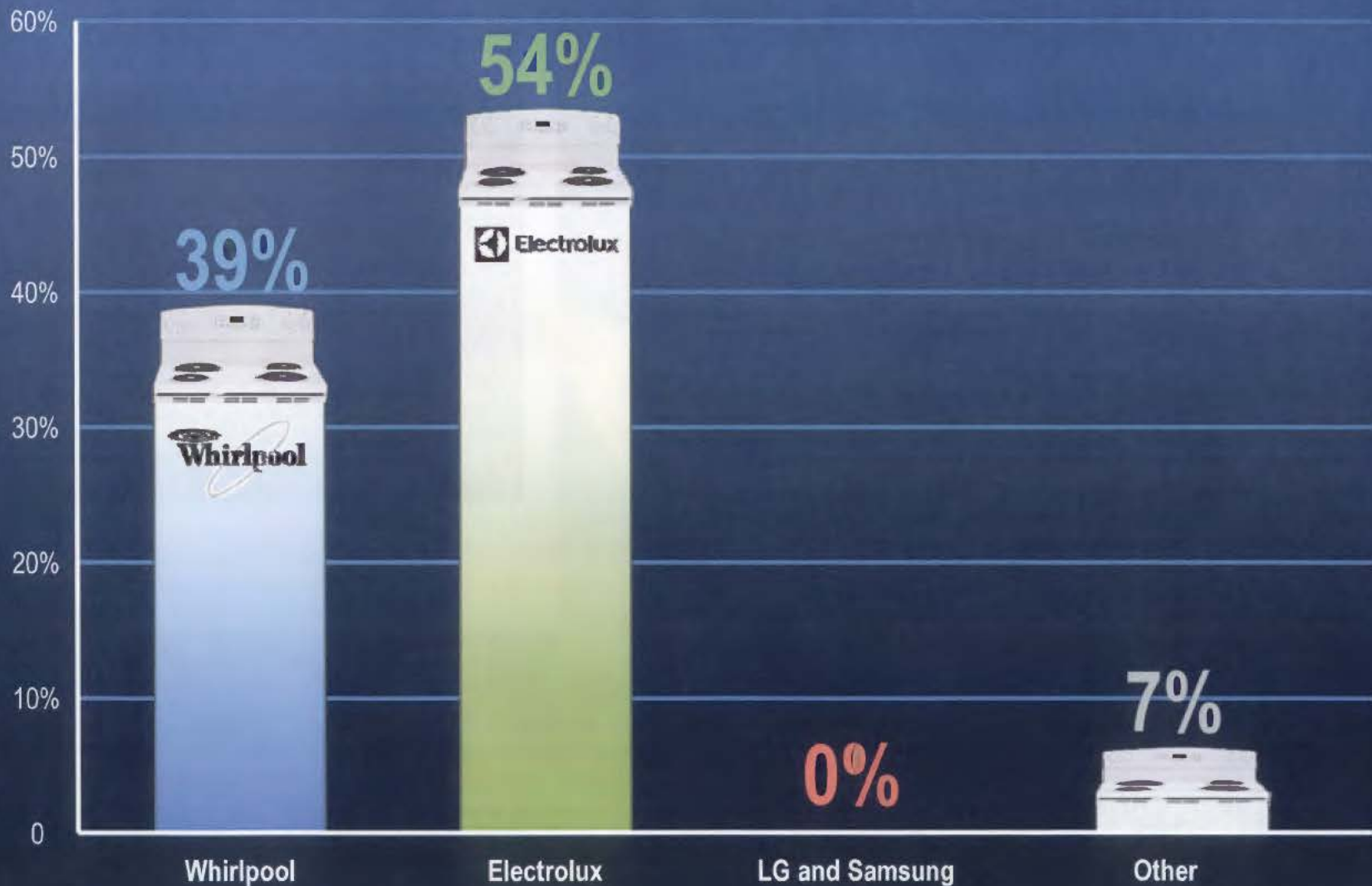
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Extremely competitive pricing from Frigidaire continues to place a great deal of pressure on GE's property management business. GE has lost share to Frigidaire in this category.



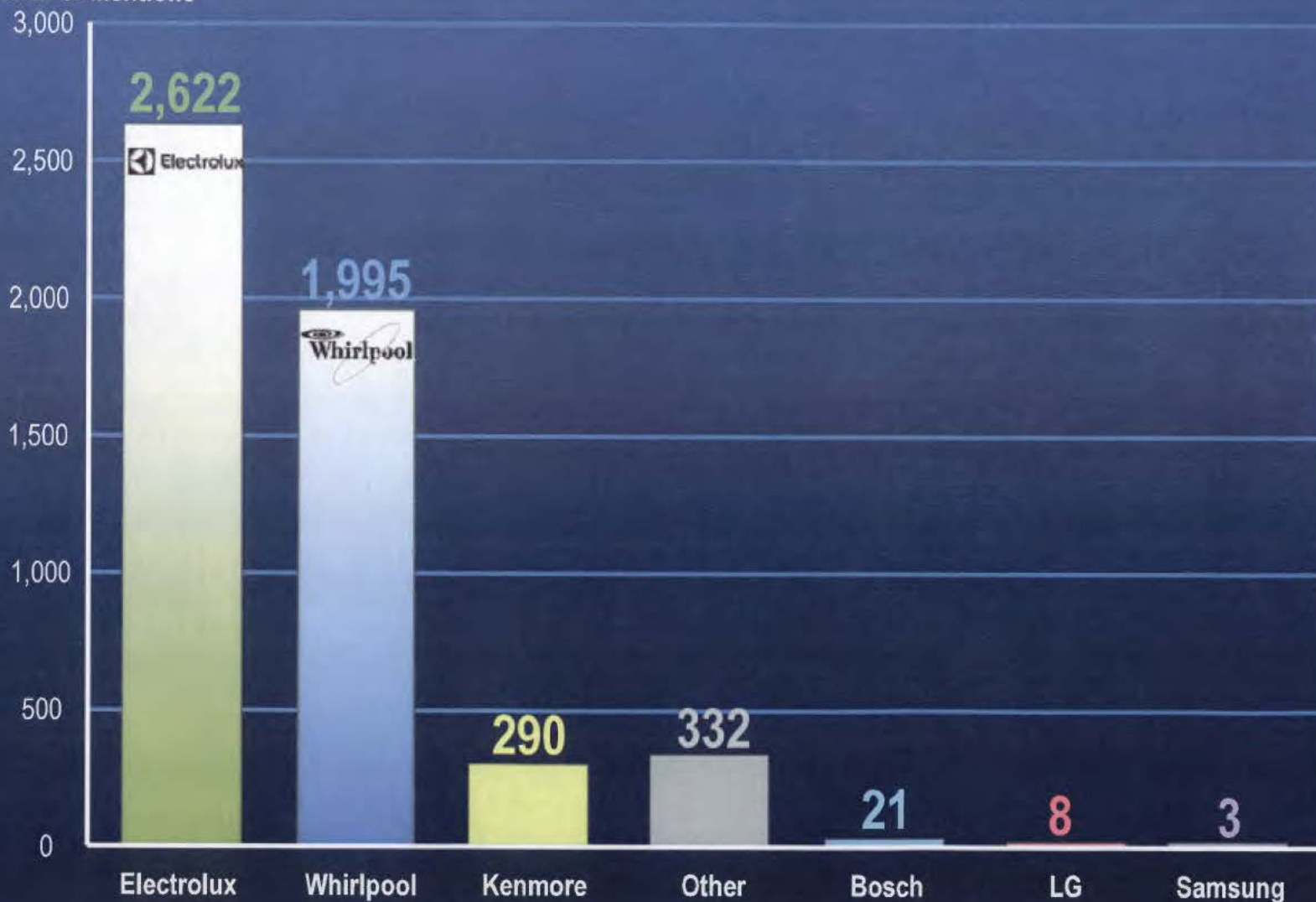
Examples of Competition: GE Lowers Its Price Because of Electrolux Competition (Indirect)





Examples of Competition: GE Lowers Its Price Because of Electrolux Competition (Contract)

Number of Mentions



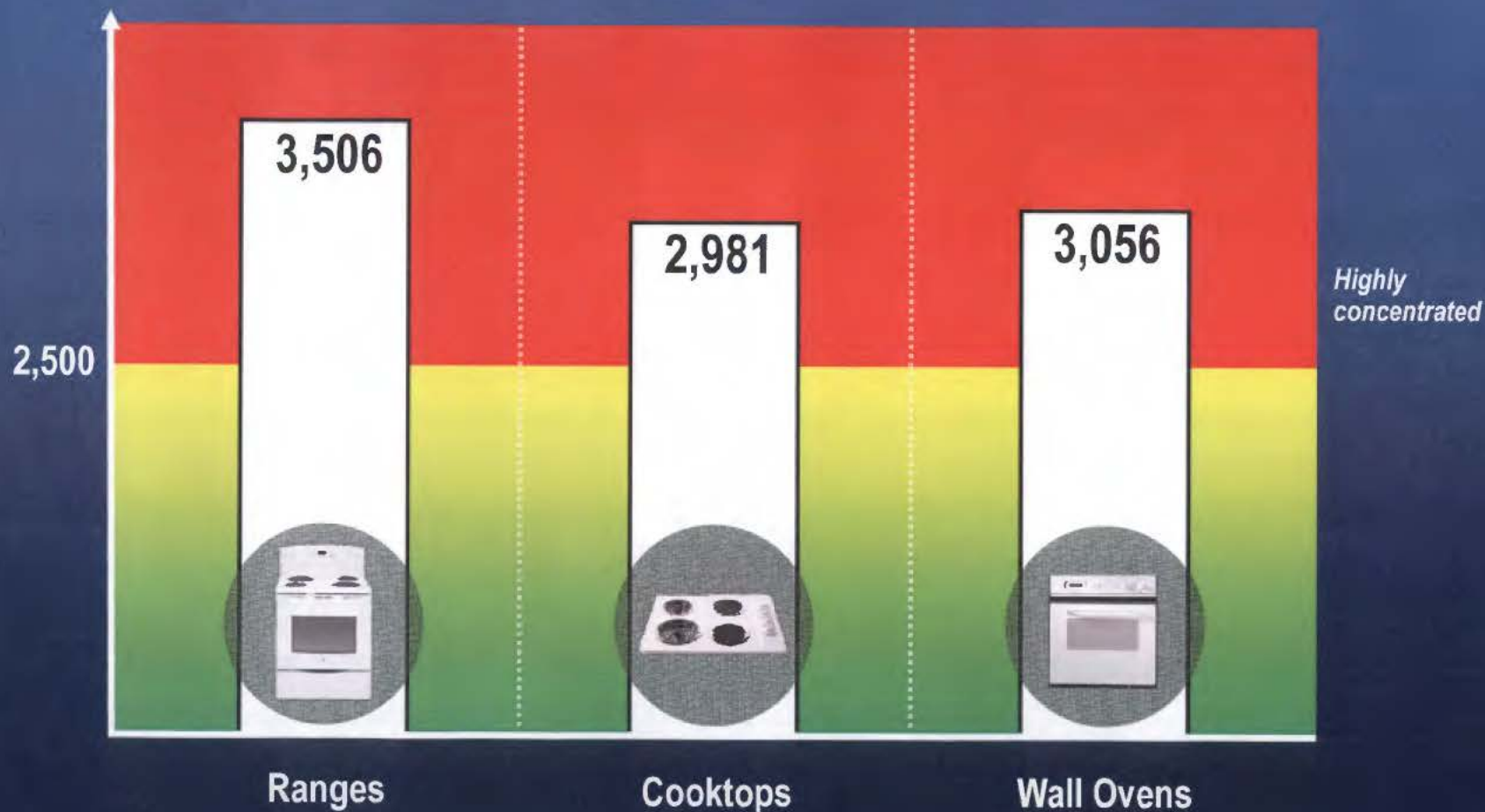


Summary: the Evidence Will Show that the Merger Likely Would Substantially Lessen Competition

- Merger brings together two of the three iconic appliance manufacturers
- Under Supreme Court and D.C. Circuit case law, harm is presumed
- Defendants cannot rebut the United States' case
 - The Presumption actually understates the likely harm
 - Entry, efficiencies, retailers, and Whirlpool/Maytag do not establish that the merger would benefit consumers

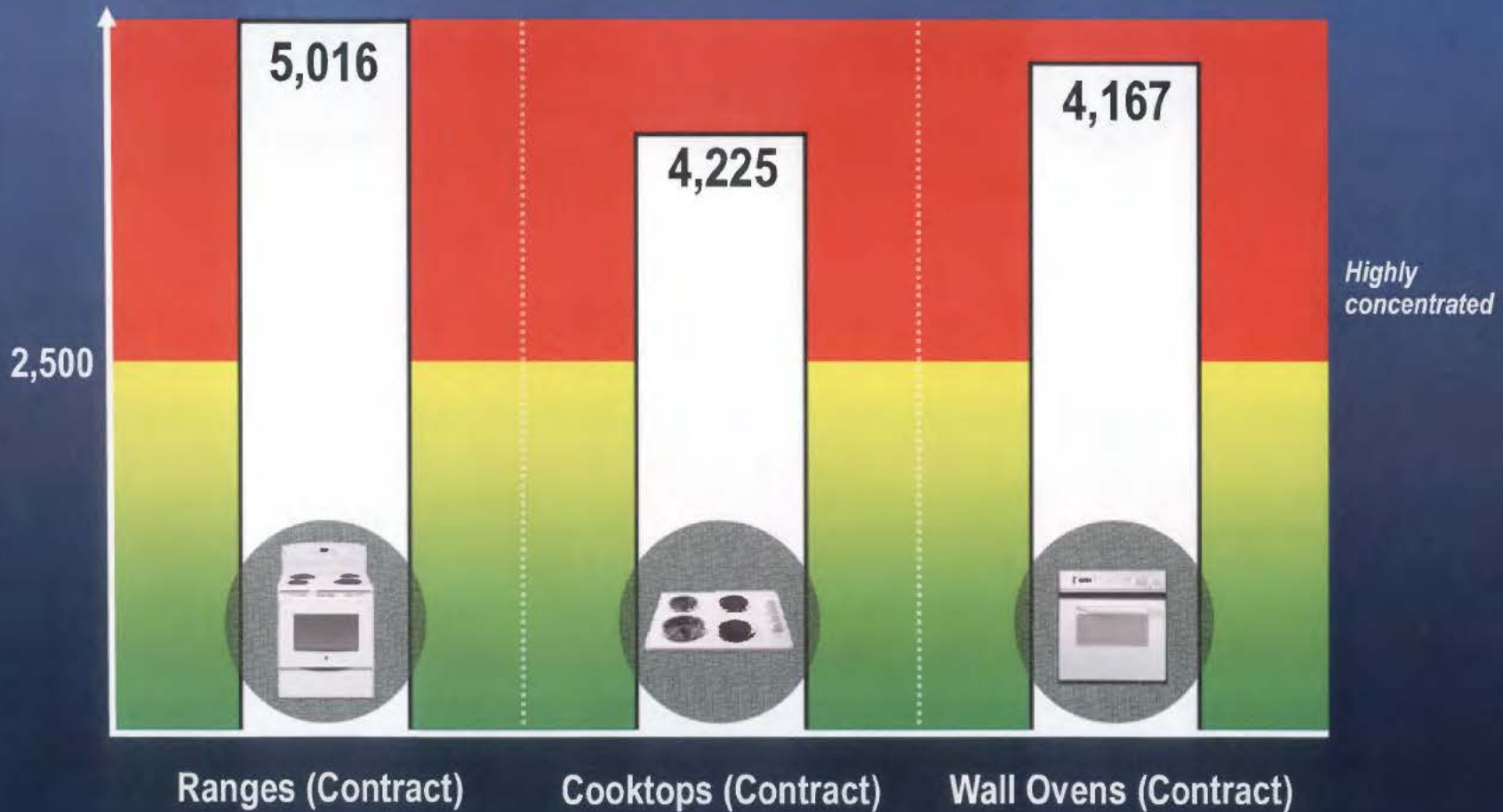


The Merger Would Make the Range, Cooktop, and Wall Oven Markets “Highly Concentrated”





The Merger Would Make the Contract Markets “Highly Concentrated”





The Industry Recognizes the Contract Channel

Retail Landscape

Redacted

Contract Landscape

- Key to the success in contract understands not only the difference between retail and contract but the difference in the segments.
- That is why we completely separate the channels
- It is about service, quality and distribution in contract vs. price

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The Industry Recognizes the Contract Channel



Electrolux Contract Sales
Contract Channel Overview

Marco Island, Florida
May 2nd – 4th, 2012

thenewsolution
to the building community

 **Electrolux**

PX00920



The Industry Recognizes the Contract Channel

Characteristics of a Successful Competitor

Electrolux

- Dedicated service teams – both pre/post sale plus customer specific order service teams
- Factory Service
- Builder specific on-line resources and marketing materials
- Builder applicable return policy/processes – 24 turnaround
- Model Home programs, including competitive swap outs
- Dedicated training resources for Dealer Centers/Model Homes
- Easy to make, customer specific brochures
- Direct delivery and installation teams that are on-time
- Industry partners (Homesphere, ADS)
- Dealer Center program including competitive change outs
- Near 100% availability
- Limited model transitions
- Same cut-outs and electrical through the upgrade strategy
- The ability to sell kitchen packages with a consistent appearance and a simple upgrade path from base to Ultra Premium
- Easy ordering including an on-line option and Supply Pro Connect solution
- Streamlined parts ordering process
- 24 hr customer service center
- Competitive Programming (MR's etc)

Characteristics of a Successful Competitor

Electrolux

- Innovative and desirable products
- Strong distributor partners
- Lead tool
- A portfolio of ADA and Ener qualified products
- Knowledge of Local/State/Federal codes and regulations
- Knowledgeable and responsive sales teams
- Easy to access specs
- Relationships in the Designer and Architect community
- Virtual design centers/CAD software support
- Ability to offer Extended Warranties
- A strong social media and product placement presence
- Supportive to the Green Initiative
- Smart Grid compatible products
- Builder specific pricing options
- Segment specific approaches
- Builder specific dedicated inventory
- Collaborative credit process
- Portfolio of additional products like RNC, HD products (DCA, Softwax, Heaters etc) and other products like 24" compact ranges
- Industry recognition (en Energy Star Partner of the Year, JD Power, Consumer Reports, Builder Publications)

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- Dedicated service teams – both pre/post sale plus customer specific order service teams
- • • •
- Direct delivery and installation teams that are on-time
- • • •
- Near 100% availability
- Limited model transitions
- • • •
- The ability to sell kitchen packages with a consistent appearance and a simple upgrade path from base to Ultra Premium
- • • •
- Builder specific dedicated inventory



The Industry Recognizes the Contract Channel



CHARACTERISTICS AND REQUIREMENTS UNIQUE TO THE CONTRACT CHANNEL (2013*)

- 1. PACKAGE SELLING** – A builder buys an entire appliance package. The base package is most cost-critical and must contain models with comparable features and price points to those offered by competitors. GE's offering is only as strong as the weakest product or brand in the package (by the builder and end-user) in each package. This becomes true for all products in the package (risk/opportunity, as one moves-up the product line within each package). Product and brand strategies need to recognize the impact of SKU reductions, moratoriums on new SKUs or brand changes and the impact on the contract channel.
- 2. MULTIPLE PROJECTS** – Similarly, because many builders have a wide range of income levels of buyers, GE's ability to be a part of the contract channel is dependent on the weakest package GE can offer for any one of the projects. Product packages and appliances tend to differ quite a bit between their own nearby communities and from nearby communities.
- 3. 100% AVAILABILITY** – Since firm contracts for specific appliances are often made 6-12 months prior to delivery, builders believe 100% availability is required. Because appliances are installed near the end of the construction process, availability issues are quite visible and occur as negotiations are underway on the contract. To monitor the impact of product non-availability, we use a "roll-through" metric, based on a YES or NO answer to the question, "Will the package be completed?". This gives a different perspective than measuring availability. For example, if the package contains a wall oven, trim kit, dishwasher, refrigerator, washer and dryer and each product has 97% availability, the Rolled Throughput Yield is only 76%. Especially with today's percentage of electronic ordering and payment, any order not shipped complete causes complexity, re-work and delay in payment.
- 4. INVENTORY OVERLAP** – Contract has a unique lag period due to construction schedules and the start-up/completion of project phases. It is critical that inventory overlaps be built into the RFI process. Because a builder wants to have continuity throughout a project, model changes and substitutions frequently are not acceptable. Products (especially range products) in a package must match.

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- 5. SUPPORT SERVICES** – Because retail dealers carry other brands in addition to GE's, they can compare our performance in areas such as product availability, order entry and product service and know GE is superior. In Contract, builder customers often are 100% GE. We simply must meet their expectations. They may not be aware, nor do they care, that our performance is superior to competitors. They only know that if GE's performance is not meeting their expectations, they will switch.

CHARACTERISTICS AND REQUIREMENTS UNIQUE TO THE CONTRACT CHANNEL (2013*)

As a result of their sales, a builder buying unit and certainly not the living unit.

Builder buying trends, comes more open, niche segments are new products, led by the kitchen, are the best to simply look at our national average*.

Match Retail selling or new models is nearly get a price increase, ability for price/margin during the year.

* List originally developed in 1986. Updated for January, 1994 presentation to Product, Marketing, and Brand Managers attending the 1994 NAHB Show. 2013 updates are shown in RED.

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The Industry Recognizes the Contract Channel



From: Daryl, John D (GE, Appl & Light)
 Sent: June 06, 2014 9:13 PM
 To: Anderson, Steven M (GE, Appl & Light)
 Cc: Treppin, Frank (UC, Appl & Light)
 Subject: Re: Contract and Retail Selling @ Thomson

Steve not everywhere that can't sell. There is also talk of merging the two sales forces. Rob is simply talking at me rather than work. He understands the value of the Contract A/S.

Sent from my iPhone

On Jun 6, 2014, at 4:58 PM, "Anderson, Steven M (GE, Appl & Light)" <STEVEN.M.ANDERSON@ge.com> wrote:

John, good afternoon. Paula asked me to look at some of the slides highlighting the differences between Contract and Retail job responsibilities and markets. In so doing she indicated that Phil might be using some of this information for himself. She requested that I keep some points in mind about the merging of both job responsibilities. We have failed to merge contract and retail jobs in the past and it has always been a terrible failure. As you probably know both positions require a different skill set, have huge differences in customer bases and require different sales strategies and techniques. I can remember GE trying this 4 different times and it always failed. One of the reasons, as you probably know, that we have been so successful over the last 60 years in contract is our specialization, skill set, knowledge of the customer base / industry and our ability to handle the business issues quickly... All of our advantages would be diluted if the positions merged with Retail. Thanks Steve

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PX01161 at -756

We have tried to merge contract and retail jobs in the past and it has always been a terrible failure....

[B]oth positions require a different skill set, have huge differences in customers [sic] bases and require different sales strategies and techniques.



Summary: the Evidence Will Show that the Merger Likely Would Substantially Lessen Competition

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- **Defendants cannot rebut the United States' case**
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The Market Share Statistics Understate the Merger's Likely Effects on Competition

- ✓ Electrolux and GE compete head-to-head each and every day
- ✓ Electrolux and GE have leading positions in cooking appliances
- ✓ Electrolux and GE have leading positions in the lower price segments
- ✓ Electrolux has directly challenged GE's dominance for contract channel purchasers
- ✓ **Economic analysis also shows likely harm**



Professor Whinston's Economic Analysis Is Conservative, Robust, and Dynamic

- Professor Whinston accounts for all competitors
- Professor Whinston treats Kenmore as an independent competitor
- Professor Whinston doubled LG's and Samsung's size and found that does not change the results
- Professor Whinston considered entry

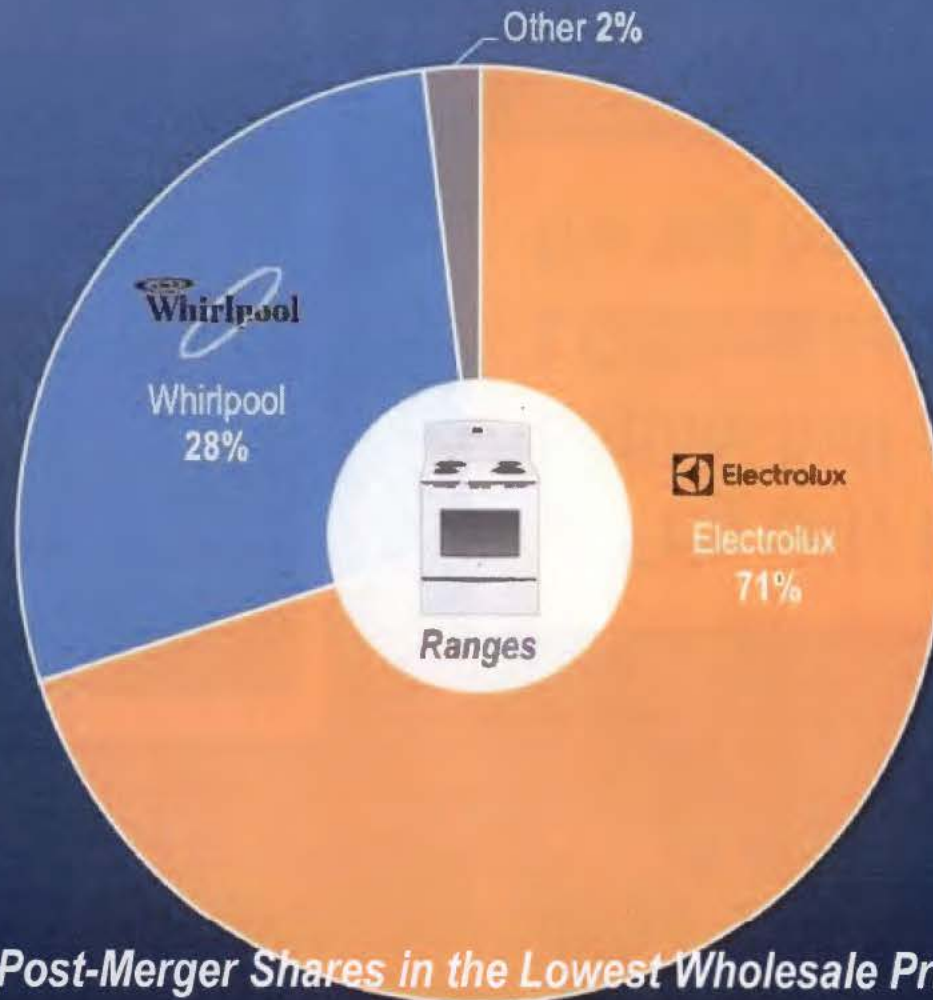


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Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects



Post-Merger Shares in the Lowest Wholesale Prices



Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects



Redacted

... Frig only in the bottom half and LG/Samsung only in the top half.

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Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects

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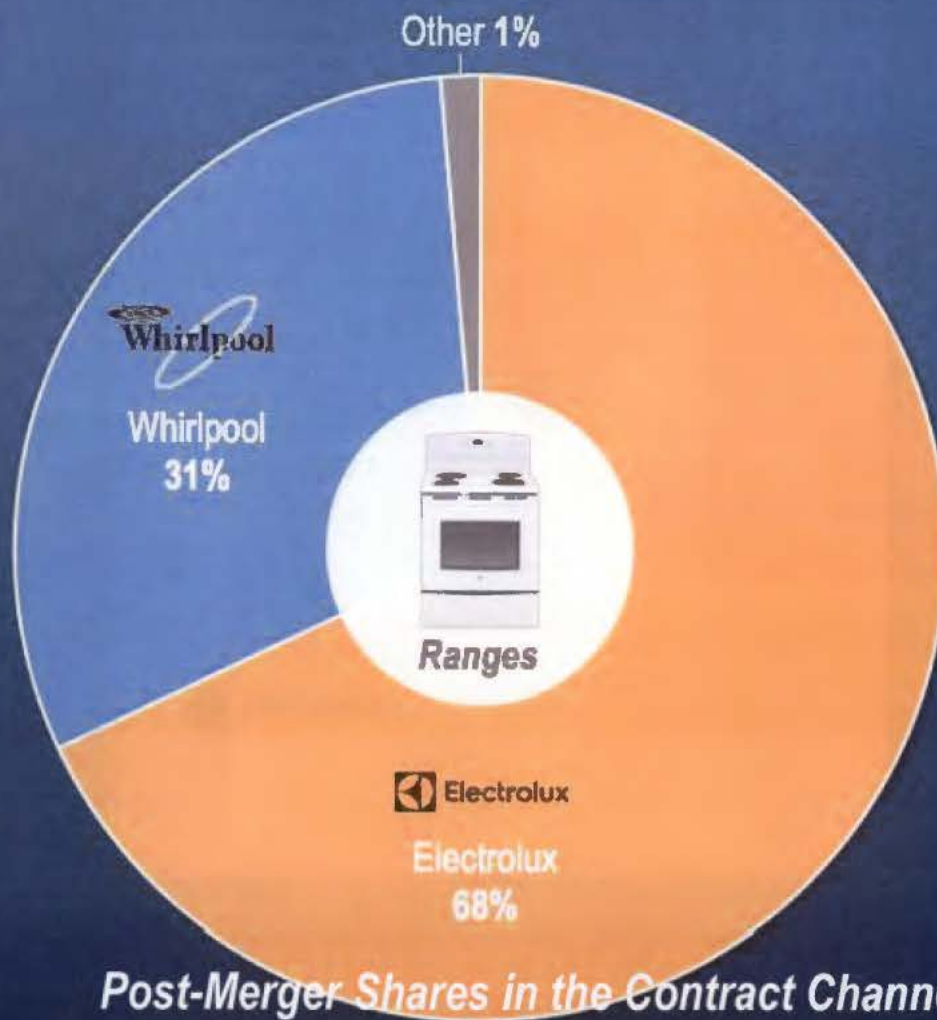


Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects

REDACTED



Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects

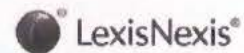




Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects



Page 1



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FD (Fair Disclosure) Wire

April 24, 2013 Wednesday

TRANSCRIPT: 042413a5057960.700

LENGTH: 7654 words

HEADLINE: Q1 2013 Whirlpool Corporation Earnings Conference Call - Final

BODY:

Corporate Participants

* Joe Lovochio

Whirlpool Corporation - Director of IR

* Jeff Fetig

Whirlpool Corp - Chairman & CEO

* Marc Bitzer

Whirlpool Corp - President of North America

* Michael - Mike Todman

Whirlpool Corp - President of Whirlpool International

* Larry Venturalli

Whirlpool Corp - CFO & EVP

Conference Call Participants

* Sam Darkash

Raymond James & Associates - Analyst

U.S. v. AD Electronics
1:15-cv-01019-EGS
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DOJ-LIT-00019350

PX01711



Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects

BCG

 **Electrolux**

Electrolux Channel and Growth Strategy

Steering Committee #1

December 18th, 2009

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Entry Is Not Timely, Likely, or Sufficient to Deter or Counteract the Competitive Effects

BCG

The Boston Consulting Group

Executive Summary (I)

- Wormman case suggests a "flat future" for Electrolux – slight share declines, modest revenue growth through 2012**
 - Channels will shift away from Sears, towards Home Depot; builder will likely see a volume rebound
 - Electrolux implied share of -23 (down -1% pt) and revenues of \$4.7B (up 1.4%)
 - THD and Builder channels of significant importance in reaching Higher Gear targets
 - In conjunction with growth programs (e.g. Electrolux, dealer expansion) in current channels
 - Note: a profit step-change simultaneously required – it will be critical to map overarching set of initiatives, timing
- The Home Depot entry – a major strategic decision**
 - THD is an attractive channel for entry (even if slightly less attractive than Lowe's) – large and growing
 - Entry model for THD currently appears to be "all or nothing" – driven by THD category approach & current physical BC constraints
 - THD requires strong product innovator that can facilitate closing the gap vs. Lowe's in key consumer dynamics
 - Three core challenges / risks to manage
 - Lowe's reaction – believe risks to be relatively limited / manageable
 - Competitive reactions – potential for market destabilization due to bidding / displacement, but it may be inevitable
 - Ability to build out supply chain
 - Risks of entry need to be balanced against risk of "not entering" – e.g. Samsung replacement of Maytag very damaging
 - Current thinking not "should we go in", but "at what price should we go in" and "how"
 - Very preliminary business case appears positive – five core drivers of business case identified
- Builder – direct model appears attractive with low-risk buildout models**
 - Historically, channel represents ~80% in appliances and, given downturn, has upside growth potential
 - Serving the market requires dual channel approach – through dealers and direct
 - Total market historically split equally between direct and distributor
 - Several options for rolling out in Builder; most viable builder-direct approach suggests focus on consolidated markets
 - Initial estimates suggest ~\$150M target of incremental revenue is reasonable
 - Current analysis suggests limited risk in moving forward with phased market entry to manage risk and investment levels
 - Further analysis of supply chain required to make final recommendation

Serving the market requires dual channel approach – through dealers and direct

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Defendants' Claimed Cost Savings Do Not Save the Merger

REDACTED



Retailers Will Not Protect Consumers; They Help Appliance Manufacturers Keep Prices Higher

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Retailers Will Not Protect Consumers, They Help Appliance Manufacturers Keep Prices Higher

Cost Inflation Overview

Rationale for GE Monogram Price Increase



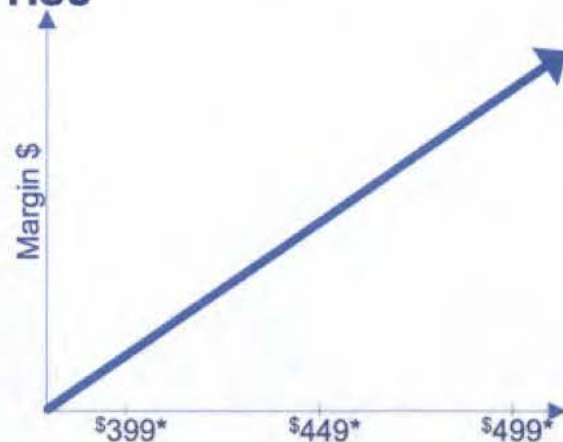
imagination at work



Retailers Will Not Protect Consumers, They Help Appliance Manufacturers Keep Prices Higher

Price increases can benefit retailers bottom line

Margin \$ opportunity increases as prices rise



	2011	2012
Est Retail*	\$999	\$1,099
Invoice	\$739	\$813
Est Margin Opportunity*	26%	26%
GM \$\$	\$260	\$268
EAU	50	50
Total Est GM	\$13,000	\$14,300

*Dealers establish their own retail selling prices.

The result of realized price changes increases the margin dollars generated for the reseller when the margin rates are unchanged.



8
10/14/15



The 2006 Whirlpool/Maytag Merger is Irrelevant

- No reason to try two separate mergers
 - Different parties
 - Different products: focus there was on laundry appliances
 - Almost a decade old
 - Right before the Great Recession
- Mr. Orszag: Whirlpool/Maytag actually might have caused higher prices



Whirlpool/Maytag Might Have Facilitated Higher Prices

Annual Report 2006

Do you want to know more about our thinking?

(and learn how to make roast leg of lamb with herbs and roasted vegetables)
go to: www.electrolux.com/thinking

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Thinking of you
Electrolux
DOJ-LIT-00019181

PX01705



Whirlpool/Maytag Might Have Facilitated Higher Prices



Consumer Durables in North America

This document is intended as a guide to the world production model. The final report contains a table of contents, a list of figures, and the full text of the report. It is intended for use by the public and is not intended to be used for any other purpose.

Market
The market for consumer durables in North America is expected to grow steadily over the next few years. The market is expected to be dominated by the three largest producers, Whirlpool, Maytag, and Electrolux. These three companies are expected to account for 94 percent of the market. Whirlpool has a 50 percent share, Maytag has a 25 percent share, and Electrolux has a 25 percent share.

Production
The three largest producers of consumer durables in North America are Whirlpool, Maytag, and Electrolux. Whirlpool is the largest producer, followed by Maytag and then Electrolux. Whirlpool's production is expected to increase over the next few years, while Maytag's and Electrolux's production is expected to remain relatively flat.

Imports
Imports of consumer durables from other countries are expected to remain a small portion of the market. The largest source of imports is China, followed by Mexico and Canada. Imports are expected to increase slightly over the next few years.



FACTS

Country	Production	Imports
USA	High	Low
Canada	Low	Low
Mexico	Low	Low
China	Low	High

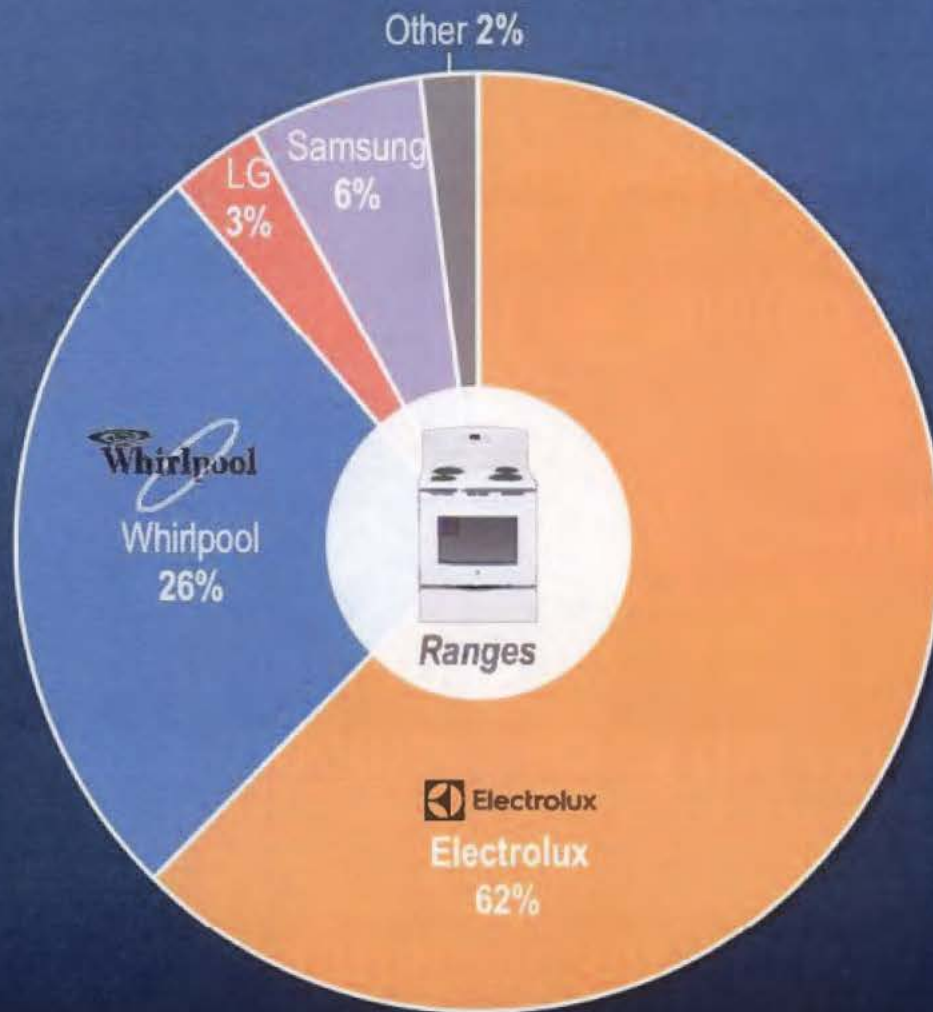


The three largest producers of core appliances in the US account for 94 percent of the market. Whirlpool has a 50 percent share following the acquisition of Maytag in 2006. Consolidation among producers facilitated increasing prices in 2005....

PX01705 at 17



Post-Merger Shares of Ranges (Retail and Contract)





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U.S. V. AB ELECTROLUX ET AL.

United States' Opening Statement