WHIRLPOOL CORP /DE/
Form 10-Q
April 23, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2019
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-3932
WHIRLPOOL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	38-1490038
(State of Incorporation)	(I.R.S. Employer Identification No.)
2000 North M-63, Benton Harbor, Michigan	49022-2692
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (269) 923-5000
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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ý	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 ý

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of common stock	Shares outstanding at April 19, 2019
Common stock, par value $1 per share	63,339,262

WHIRLPOOL CORPORATION

QUARTERLY REPORT ON FORM 10-Q
Three Months Ended March 31, 2019
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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Certain statements contained in this quarterly report, including those within the forward-looking perspective section within this report's Management's Discussion and Analysis, and other written and oral statements made from time to time by us or on our behalf do not relate strictly to historical or current facts and may contain forward-looking statements that reflect our current views with respect to future events and financial performance. As such, they are considered "forward-looking statements" which provide current expectations or forecasts of future events. Such statements can be identified by the use of terminology such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," and similar words or expressions. Our forward-looking statements generally relate to our growth strategies, financial results, product development, and sales efforts. These forward-looking statements should be considered with the understanding that such statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially.

This document contains forward-looking statements about Whirlpool Corporation and its consolidated subsidiaries ("Whirlpool") that speak only as of this date. Whirlpool disclaims any obligation to update these statements. Forward-looking statements in this document may include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and raw material prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers, and the impact of the changing retail environment; (2) Whirlpool's ability to maintain or increase sales to significant trade customers and the ability of these trade customers to maintain or increase market share; (3) Whirlpool's ability to maintain its reputation and brand image; (4) the ability of Whirlpool to achieve its business plans, productivity improvements, and cost control objectives, and to leverage its global operating platform, and accelerate the rate of innovation; (5) Whirlpool's ability to obtain and protect intellectual property rights; (6) acquisition and investment-related risks, including risks associated with our past acquisitions, and risks associated with our increased presence in emerging markets; (7) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from political, legal and economic instability; (8) information technology system failures, data security breaches, network disruptions, and cybersecurity attacks; (9) product liability and product recall costs; (10) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (11) our ability to attract, develop and retain executives and other qualified employees; (12) the impact of labor relations; (13) fluctuations in the cost of key materials (including steel, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (14) Whirlpool's ability to manage foreign currency fluctuations; (15) impacts from goodwill impairment and related charges; (16) triggering events or circumstances impacting the carrying value of our long-lived assets; (17) inventory and other asset risk; (18) the uncertain global economy and changes in economic conditions which affect demand for our products; (19) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans; (20) litigation, tax, and legal compliance risk and costs, especially if materially different from the amount we expect to incur or have accrued for, and any disruptions caused by the same; (21) the effects and costs of governmental investigations or related actions by third parties; and (22) changes in the legal and regulatory environment including environmental, health and safety regulations, and taxes and tariffs.

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

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

Unless otherwise indicated, the terms "Whirlpool," "the Company," "we," "us," and "our" refer to Whirlpool Corporation and its consolidated subsidiaries.

Website Disclosure
We routinely post important information for investors on our website, whirlpoolcorp.com, in the "Investors" section. We also intend to update the Hot Topics Q&A portion of this webpage as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investors section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our webpage is not incorporated by reference into, and is not a part of, this document.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIODS ENDED MARCH 31
(Millions of dollars, except per share data)

	Three Months Ended	
	2019	2018
Net sales	$4,760	$4,911
Expenses		
Cost of products sold	3,948	4,099
Gross margin	812	812
Selling, general and administrative	505	505
Intangible amortization	18	20
Restructuring costs	26	144
Operating profit	263	143
Other (income) expense		
Interest and sundry (income) expense	(130)	(8)
Interest expense	51	42
Earnings before income taxes	342	109
Income tax (benefit) expense	(132)	15
Net earnings	474	94
Less: Net earnings available to noncontrolling interests	3	—
Net earnings available to Whirlpool	$471	$94
Per share of common stock		
Basic net earnings available to Whirlpool	$7.36	$1.31
Diluted net earnings available to Whirlpool	$7.31	$1.30
Dividends declared	$1.15	$1.10
Weighted-average shares outstanding (in millions)		
Basic	64.0	71.2
Diluted	64.5	72.1
Comprehensive income	$567	$99

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

WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Millions of dollars, except share data)

	(Unaudited) March 31, 2019		December 31, 2018	
Assets				
Current assets				
Cash and cash equivalents	$	1,163	$	1,498
Accounts receivable, net of allowance of $131 and $136, respectively	2,222		2,210	
Inventories	2,960		2,533	
Prepaid and other current assets	960		839	
Assets held for sale	931		818	
Total current assets	8,236		7,898	
Property, net of accumulated depreciation of $6,263 and $6,190, respectively	3,358		3,414	
Right of use assets	778		—	
Goodwill	2,456		2,451	
Other intangibles, net of accumulated amortization of $545 and $527, respectively	2,279		2,296	
Deferred income taxes	2,213		1,989	
Other noncurrent assets	366		299	
Total assets	$	19,686	$	18,347
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	$	4,310	$	4,487
Accrued expenses	655		690	
Accrued advertising and promotions	556		827	
Employee compensation	339		393	
Notes payable	2,019		1,034	
Current maturities of long-term debt	568		947	
Other current liabilities	907		811	
Liabilities held for sale	524		489	
Total current liabilities	9,878		9,678	
Noncurrent liabilities				
Long-term debt	4,137		4,046	
Pension benefits	610		637	
Postretirement benefits	308		318	
Lease liabilities	649		—	

Other noncurrent liabilities	385			463		
Total noncurrent liabilities	6,089			5,464		
Stockholders' equity						
Common stock, $1 par value, 250 million shares authorized, 112 million shares issued, and 63 million and 64 million shares outstanding, respectively	112			112		
Additional paid-in capital	2,777			2,768		
Retained earnings	7,391			6,933		
Accumulated other comprehensive loss	(2,602		)	(2,695		)
Treasury stock, 49 million and 48 million shares, respectively	(4,876		)	(4,827		)
Total Whirlpool stockholders' equity	2,802			2,291		
Noncontrolling interests	917			914		
Total stockholders' equity	3,719			3,205		
Total liabilities and stockholders' equity	$	19,686		$	18,347	

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

WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE PERIODS ENDED MARCH 31
(Millions of dollars)

	Three Months Ended	
	2019	2018
Operating activities		
Net earnings	$474	$94
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:		
Depreciation and amortization	142	177
Changes in assets and liabilities:		
Accounts receivable	(39)	85
Inventories	(475)	(375)
Accounts payable	(182)	(259)
Accrued advertising and promotions	(271)	(287)
Accrued expenses and current liabilities	29	(28)
Taxes deferred and payable, net	(190)	(40)
Accrued pension and postretirement benefits	(23)	(16)
Employee compensation	(44)	(24)
Other	(316)	(40)
Cash used in operating activities	(895)	(713)
Investing activities		
Capital expenditures	(85)	(66)
Proceeds from sale of assets and business	2	6
Proceeds from held-to-maturity securities	—	60
Investment in related businesses	—	(2)
Other	(3)	(1)
Cash used in investing activities	(86)	(3)
Financing activities		
Net proceeds from borrowings of long-term debt	695	—
Repayments of long-term debt	(939)	(4)
Net proceeds from short-term borrowings	991	599
Dividends paid	(73)	(78)
Repurchase of common stock	(50)	—
Common stock issued	3	5
Cash provided by financing activities	627	522
Effect of exchange rate changes on cash, cash equivalents and restricted cash	11	25
Decrease in cash, cash equivalents and restricted cash	(343)	(169)
Cash, cash equivalents and restricted cash at beginning of period	1,538	1,293
Cash, cash equivalents and restricted cash at end of period	$1,195	$1,124

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

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF PRESENTATION

General Information

The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information or footnotes required by GAAP for complete financial statements. As a result, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in our Form 10-K for the year ended December 31, 2018.

Management believes that the accompanying Consolidated Condensed Financial Statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods.

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

Certain prior year amounts in the Consolidated Condensed Financial Statements have been reclassified to conform with current year presentation.

We have eliminated all material intercompany transactions in our Consolidated Condensed Financial Statements. We do not consolidate the financial statements of any company in which we have an ownership interest of 50% or less, unless that company is deemed to be a variable interest entity ("VIE") of which we are the primary beneficiary. VIEs are consolidated when the company is the primary beneficiary of these entities and has the ability to directly impact the activities of these entities.

Adoption of New Accounting Standards

On January 1, 2019, we adopted Accounting Standards Update (“ASU”) No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities." The adoption of this standard did not have a material impact on our Consolidated Condensed Financial Statements, however we have expanded our use of hedge accounting to hedge contractually specified components in commodity contracts designated as cash flow hedges. For additional information on the required disclosures related to the impact of adopting this standard, see Note 10 to the Consolidated Condensed Financial Statements.

On January 1, 2019, we adopted ASU No. 2016-02, "Leases (Topic 842)" and as part of that process the Company made the following elections:

- The Company did not elect the hindsight practical expedient, for all leases.
- The Company elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for all leases.
- In March 2018, the FASB approved an optional transition method that allows companies to use the effective date as the date of initial application on transition. The Company elected this transition method, and as a result, will not adjust its comparative period financial information or make the newly required lease disclosures for periods before the effective date.
- The Company elected to make the accounting policy election for short-term leases resulting in lease payments being recorded as an expense on a straight-line basis over the lease term.
- The Company elected to not separate lease and non-lease components, for all leases.
- The Company did not elect the land easement practical expedient.

Upon adoption, we recognized the cumulative effect of initially applying this new standard resulting in the addition of approximately $858 million of right of use assets, of which $46 million are held for sale, as well as corresponding short-term and long-term lease liabilities. Additionally, the Company has sold and leased back a group of properties in our Latin American region and upon adoption, the Company recorded a cumulative adjustment to retained earnings of approximately $82 million related to deferred gains associated with these transactions.

For additional information on the required disclosures related to the impact of adopting this standard, see Note 3 to the Consolidated Condensed Financial Statements.

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For additional information on held for sale assets, see Note 16 to the Consolidated Condensed Financial Statements.

All other newly issued and effective accounting standards during 2019 were not relevant or material to the Company.
Accounting Pronouncements Issued But Not Yet Effective
In November 2018, the FASB issued ASU 2018-18, "Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606." The new standard clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a good or service that is a distinct unit of account. The amendments also preclude entities from presenting consideration from transactions with a collaborator that is not a customer together with revenue recognized from contracts with customers. The new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted in any interim period for entities that have adopted ASC 606. The standard should be applied retrospectively to the period when initially adopted ASC 606. The Company is currently evaluating the impact of adopting this guidance.

In October 2018, the FASB issued ASU 2018-17, "Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities". The new standard changes how entities evaluate decision-making fees under the variable interest entity guidance. The new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted in any interim period after issuance. The standard should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the beginning of the period of adoption. The Company is currently evaluating the impact of adopting this guidance.
The FASB has issued the following relevant standards, which are not expected to have a material impact on our Consolidated Condensed Financial Statements:

Standard		Effective Date
2016-13	Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	January 1, 2020
2018-13	Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	January 1, 2020
2018-14	Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	January 1, 2021
2018-15	Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred In a Cloud Computing Arrangement That Is a Service Contract	January 1, 2020

All other issued and not yet effective accounting standards are not relevant to the Company.
(2) REVENUE RECOGNITION

Disaggregation of Revenue

The following table presents our disaggregated revenues by revenue source. We sell products within all product categories in each operating segment. Revenues related to compressors are fully reflected in our Latin America segment. For additional information on the disaggregated revenues by geographical regions, see Note 15 to the Consolidated Condensed Financial Statements.

Millions of dollars	Three Months Ended March 31, 2019	2018
Major product categories:		
Laundry	$1,483	$1,562
Refrigeration	1,363	1,291
Cooking	1,044	1,049
Dishwashing	364	396
Total major product category net sales	$4,254	$4,298
Compressors	312	296
Spare parts and warranties	191	273
Other	3	44
Total net sales	$4,760	$4,911

The impact to revenue related to prior period performance obligations was not material for the three months ended March 31, 2019.

Bad Debt Expense

Bad debt expense was not material for the three months ended March 31, 2019.

(3) LEASES

Leases

We lease certain warehouses/distribution centers, office space, land, vehicles, and equipment. At lease inception, we determine the lease term by assuming the exercise of those renewal options that are reasonably assured. Leases with an initial term of 12 months or less are not recorded in the Consolidated Condensed Balance Sheets and we recognize lease expense for these leases on a straight-line basis over the lease term. The Company has operating lease costs of approximately $52 million for the period ended March 31, 2019. As of March 31, 2019, we have approximately $82 million of non-cancelable operating lease commitments, primarily for warehouses, that have not yet commenced. These operating leases will commence between fiscal year 2019 and fiscal year 2020 with lease terms of 1 year to 25 years.

At March 31, 2019, we have no financing leases and we have approximately $985 million of non-cancelable operating lease commitments, excluding variable consideration. The undiscounted annual future minimum lease payments are summarized by year in the table below:

Maturity of Lease Liabilities	Operating Leases (in millions)
2019	$ 145
2020	173
2021	141
2022	118
2023	106
After 2023	302
Total lease payments	$ 985

Less interest	143
Present value of lease liabilities [(1)]	$ 842

[(1)] Present value of lease liabilities includes liabilities held for sale.

The long-term portion of the lease liabilities included in the amounts above is $649 million, and the remainder of our lease liabilities are included in other current liabilities in the Consolidated Condensed Balance Sheets.

At March 31, 2019, the weighted average remaining lease term and weighted average discount rate for operating leases was 7 years and 5%.

During the period ended March 31, 2019 the cash paid for amounts included in the measurement of the liabilities and the operating cash flows was $50 million. The right of use assets obtained in exchange for new liabilities was $18 million.

Many of our leases include renewal options that can extend the lease term. The execution of those renewal options is at our sole discretion.

Certain leases also include options to purchase the underlying asset at fair market value. If leased assets have leasehold improvements, typically the depreciable life of those leasehold improvements are limited by the expected lease term. Additionally, certain lease agreements include lease payment adjustments for inflation.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We rent or sublease certain real estate to third parties. Our sublease portfolio primarily consists of operating leases within our warehouses, resulting in a nominal amount of sublease income in 2019.

(4) CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash as reported within our Consolidated Condensed Statements of Cash Flows:

	March 31,	
Millions of dollars	2019	2018
Cash and cash equivalents as presented in our Consolidated Condensed Balance Sheets	$1,163	$1,041
Restricted cash included in prepaid and other current assets [1]	32	49
Restricted cash included in other noncurrent assets [1]	—	34
Cash, cash equivalents and restricted cash as presented in our Consolidated Condensed Statements of Cash Flows	$1,195	$1,124

[1]Change in restricted cash resulted in realization of foreign currency translation adjustments of ($2 million) and ($3 million), respectively, for the three months ended March 31, 2019 and 2018 compared to the prior fiscal year end.

	December 31,	
Millions of dollars	2018	2017
Cash and cash equivalents as presented in our Consolidated Balance Sheets	$1,498	$1,196
Restricted cash included in prepaid and other current assets	40	48
Restricted cash included in other noncurrent assets	—	49
Cash, cash equivalents and restricted cash as presented in our Consolidated Statements of Cash Flows	$1,538	$1,293

Restricted cash can only be used to fund capital expenditures and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Whirlpool China (formerly Hefei Sanyo) acquisition completed in October 2014.

(5) INVENTORIES

The following table summarizes our inventory at March 31, 2019 and December 31, 2018:

Millions of dollars	March 31, 2019	December 31, 2018
Finished products	$ 2,506	$ 2,076
Raw materials and work in process	614	617
	3,120	2,693
Less: excess of FIFO cost over LIFO cost	(160)	(160)
Total inventories	$ 2,960	$ 2,533

LIFO inventories represented 44% and 41% of total inventories at March 31, 2019 and December 31, 2018, respectively.

(6) PROPERTY, PLANT & EQUIPMENT

The following table summarizes our property, plant and equipment at March 31, 2019 and December 31, 2018:

Millions of dollars	March 31, 2019	December 31, 2018
Land	$ 101	$ 102
Buildings	1,603	1,593
Machinery and equipment	7,917	7,909
Accumulated depreciation	(6,263)	(6,190)
Property, plant and equipment, net	$ 3,358	$ 3,414

During the three months ended March 31, 2019, we disposed of buildings, machinery and equipment no longer in use with a net book value of $3 million and the loss on the disposal was not material.

(7) FINANCING ARRANGEMENTS

Debt Offering

On February 26, 2019, Whirlpool Corporation, completed a bond offering of $700 million principal amount of 4.75% Senior Notes due in 2029. The notes contain covenants that limit Whirlpool Corporation's ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest. The notes are registered under the Securities Act of 1933, as amended, pursuant to our Registration Statement on Form S-3 (File No.333-224381) previously filed with the Securities and Exchange Commission.

Debt Repayment

On February 27, 2019, we repaid €600 million (approximately $673 million) pursuant to our June 5, 2018 term loan agreement with Wells Fargo Bank, National Association, as Administrative Agent, and certain other financial institutions (the "Whirlpool EMEA Finance Term Loan"), representing full repayment of amounts borrowed under the Whirlpool EMEA Finance Term Loan. On March 1, 2019, $250 million of 2.40% senior notes matured and were repaid.

Term Loan Agreements

On April 23, 2018 the Company entered into, and on May 14, 2018 and August 30, 2018 the Company amended, a Term Loan Agreement (the "Term Loan Agreement") by and among the Company, Citibank, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A. as Syndication Agent, and certain other financial institutions. Citibank, N.A., JPMorgan Chase Bank, N.A., BNP Paribas Securities Corp., Mizuho Bank, Ltd., and Wells Fargo Securities, LLC acted as Joint Lead Arrangers and Joint Bookrunners for the Term Loan Agreement. The Term Loan Agreement provides for an aggregate lender commitment of $1.0 billion and is recorded in notes payable in our Consolidated Condensed Balance Sheets. The Term Loan Agreement has a maturity date of April 22, 2019, which date may be extended by the Company, in its discretion, prior to the maturity date for an additional six months. On March 27, 2019 the Company extended the Termination Date of the Term Loan Agreement for an additional six months to October 23, 2019. The Company also has agreed to repay the outstanding term loan amounts with the net cash proceeds received from the closing of the Embraco sale transaction. The proceeds of the Term Loan Agreement were used to fund accelerated share repurchases through a modified Dutch auction tender offer.

The interest and fee rates payable with respect to the term loan facility based on the Company's current debt rating are as follows: (1) the spread over LIBOR is 1.125%; (2) the spread over prime is 0.125%; and (3) the ticking fee is 0.125%, as of the date hereof. The Term Loan Agreement, as amended, contains customary covenants and warranties including, among other things, a debt to capitalization ratio of less than or equal to 0.65 to 1.00 as of the last day of each fiscal quarter, and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit the Company's ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on its property; (iii) incur debt or off-balance sheet obligations at the subsidiary level; (iv) enter into transactions with affiliates, except on an arms-length basis or with or between subsidiaries; (v) enter into agreements restricting the payment of subsidiary dividends

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or restricting the making of loans or repayment of debt by subsidiaries to the Company or other subsidiaries; and (vi) enter into agreements restricting the creation of liens on its assets.

Credit Facilities

On September 27, 2017, Whirlpool Corporation exercised its commitment increase and term extension rights under the Third Amended and Restated Long-Term Credit Agreement (the "Amended Long-Term Facility") by and among the Company, certain other borrowers, the lenders referred to therein, JPMorgan Chase Bank, N.A. as Administrative Agent, and Citibank, N.A., as Syndication Agent. In connection with this exercise, the Company entered into a Consent to Commitment Increase agreement with the Administrative Agent, which increases aggregate borrowing capacity under the Amended Long-Term Facility from $2.5 billion to $3.0 billion, and the Administrative Agent received extension request consents from a majority of lenders, which extends the termination date of the Amended Long-Term Facility by one year, to May 17, 2022. On March 28, 2019, the Amended Long-Term Facility was amended to add one of the Company's U.K. subsidiaries as an additional borrower.

The interest and fee rates payable with respect to the Amended Long-Term Facility based on our current debt rating are as follows: (1) the spread over LIBOR is 1.125%; (2) the spread over prime is 0.125%; and (3) the unused commitment fee is 0.125%. The Amended Long-Term Facility, as amended, contains customary covenants and warranties including, among other things, a debt to capitalization ratio of less than or equal to 0.65 to 1.00 as of the last day of each fiscal quarter, and a rolling twelve month interest coverage ratio required to be greater than or equal to 3.0 to 1.0 for each fiscal quarter. In addition, the covenants limit our ability to (or to permit any subsidiaries to), subject to various exceptions and limitations: (i) merge with other companies; (ii) create liens on our property; (iii) incur debt or off-balance sheet obligations at the subsidiary level; (iv) enter into transactions with affiliates, except on an arms-length basis or with or between subsidiaries; (v) enter into agreements restricting the payment of subsidiary dividends or restricting the making of loans or repayment of debt by subsidiaries to the Company or other subsidiaries; and (vi) enter into agreements restricting the creation of liens on our assets.

In addition to the committed $3.0 billion Amended Long-Term Facility, we have a committed European facility and committed credit facilities in Brazil. The European facility provides borrowings up to €250 million (approximately $280 million at March 31, 2019 and $286 million at December 31, 2018), maturing on September 26, 2019. The committed credit facilities in Brazil provide borrowings up to 1.0 billion Brazilian reais (approximately $257 million at March 31, 2019 and $258 million at December 31, 2018), maturing through 2022.

We had no borrowings outstanding under the committed credit facilities at March 31, 2019 or December 31, 2018.

Notes Payable

Notes payable, which consist of short-term borrowings payable to banks or commercial paper, are generally used to fund working capital requirements. The fair value of our notes payable approximates the carrying amount due to the short maturity of these obligations.

The following table summarizes the carrying value of notes payable at March 31, 2019 and December 31, 2018:

Millions of dollars	March 31, 2019	December 31, 2018
Commercial paper	$800	$ —
Short-term borrowings due to banks	1,219	1,034
Total notes payable	$2,019	$ 1,034

Transfers and Servicing of Financial Assets

In an effort to manage economic and geographic trade customer risk, from time to time, the Company will transfer, primarily without recourse, accounts receivable balances of certain customers to financial institutions resulting in a nominal impact recorded in interest and sundry (income) expense. These transactions are accounted for as sales of the receivables resulting in the receivables being de-recognized from the Consolidated Condensed Balance Sheets. These transfers primarily do not require continuing involvement from the Company, however certain arrangements include servicing of transferred receivables by Whirlpool. Outstanding accounts receivable transferred under arrangements where the Company continues to service the transferred asset were $233 million and $161 million as of March 31, 2019 and December 31, 2018, respectively.

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(8) COMMITMENTS AND CONTINGENCIES

Embraco Antitrust Matters

Beginning in February 2009, our compressor business headquartered in Brazil ("Embraco") was notified of antitrust investigations of the global compressor industry by government authorities in various jurisdictions. Embraco has resolved government investigations and related claims in various jurisdictions and certain other claims remain pending.

We continue to defend these actions. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial statements in any particular reporting period.

BEFIEX Credits and Other Brazil Tax Matters

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEX). These credits reduced Brazilian federal excise taxes on domestic sales. Prior to the adoption of Topic 606, the excise taxes in our Brazilian operations were reflected in revenue. In accordance with Topic 606, we made a policy election to exclude non-income taxes from the transaction price. As a result, these credits were reflected in interest and sundry (income) expense as they were monetized in 2017 and 2018.

In December 2013, the Brazilian government reinstituted the monetary adjustment index applicable to BEFIEX credits that existed prior to July 2009, when the Brazilian government required companies to apply a different monetary adjustment index to BEFIEX credits. Whether use of the reinstituted index should be given retroactive effect for the July 2009 to December 2013 period has been subject to review by the Brazilian courts. In the third quarter of 2017, the Brazilian Supreme Court ruled that the reinstituted index should be given retroactive effect for the July 2009 to December 2013 period, which ruling has been appealed by the Brazilian government. Based on this ruling, we were entitled to recognize $72 million in additional credits. As of March 31, 2019, no BEFIEX credits remain to be monetized.

Our Brazilian operations have received tax assessments for income and social contribution taxes associated with certain monetized BEFIEX credits. We do not believe BEFIEX credits are subject to income or social contribution taxes. We believe these tax assessments are without merit and are vigorously defending our positions. We have not provided for income or social contribution taxes on these BEFIEX credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of March 31, 2019. The total amount of outstanding tax assessments received for income and social contribution taxes relating to the BEFIEX credits, including interest and penalties, is approximately 1.9 billion Brazilian reais (approximately $487 million as of March 31, 2019).

Relying on existing Brazilian legal precedent, in 2003 and 2004, we recognized tax credits in an aggregate amount of $26 million, adjusted for currency, on the purchase of raw materials used in production ("IPI tax credits"). The Brazilian tax authority subsequently challenged the recording of IPI tax credits. No credits have been recognized since 2004. In 2009, we entered into a Brazilian government program ("IPI Amnesty") which provided extended payment terms and reduced penalties and interest to encourage tax payers to resolve this and certain other disputed tax credit amounts. As permitted by the program, we elected to settle certain debts through the use of other existing tax credits and recorded charges of approximately $34 million in 2009 associated with these matters. In July 2012, the Brazilian revenue authority notified us that a portion of our proposed settlement was rejected and we received tax assessments of 250 million Brazilian reais (approximately $64 million as of March 31, 2019), reflecting interest and penalties to date. We believe these tax assessments are without merit and we are vigorously defending our position. The government's assessment in this case relies heavily on its arguments regarding taxability of BEFIEX credits for certain years, which we are disputing in one of the BEFIEX government assessment cases cited in the prior paragraph. Because the IPI Amnesty case is moving faster than the BEFIEX taxability case, we could be required to pay the IPI Amnesty assessment before obtaining a final decision in the BEFIEX taxability case.

In 2001, Brazil adopted a law making the profits of controlled foreign corporations of Brazilian entities subject to income and social contribution tax regardless of whether the profits were repatriated ("CFC Tax"). Our Brazilian subsidiary, along with other corporations, challenged tax assessments on foreign profits on constitutionality and other grounds. In April 2013, the Brazilian Supreme Court ruled on one of our cases, finding that the law is constitutional, but remanded the case to a lower court for consideration of other arguments raised in our appeal, including the existence of tax treaties with jurisdictions in which controlled foreign corporations are domiciled. As of March 31, 2019, our potential exposure for income and social contribution taxes relating to profits of controlled foreign corporations, including interest and penalties and net of expected foreign tax credits, is approximately 209 million Brazilian reais (approximately $54 million as of March 31, 2019). We believe these tax assessments are without merit and are vigorously defending our positions. Based on the opinion of our tax and legal advisors, we have not accrued any amount related to these assessments as of March 31, 2019.

In addition to the IPI tax credit and CFC Tax matters noted above, other assessments issued to us by the Brazilian tax authorities related to non-income and income tax matters, and other matters, are at various stages of review in numerous administrative and judicial proceedings. The amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. In accordance with our accounting policies, we routinely assess these matters and, when necessary, record our best estimate of a loss. We believe these tax assessments are without merit and are vigorously defending our positions. Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve. Amounts at issue in potential future litigation could increase as a result of interest and penalties in future periods. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial statements in any particular reporting period.

We also filed legal actions to recover certain social integration and social contribution taxes paid over gross sales including ICMS receipts, which is a form of Value Added Tax in Brazil. During 2017, we sold the rights to certain portions of this litigation to a third party for 90 million Brazilian reais (approximately $27 million at December 31, 2017).

In the first quarter of 2019, we received a favorable decision in the largest of these legal actions. This decision is final and not subject to appeals. Based on the opinion of our tax and legal advisors, we recognized a gain of approximately $84 million, after related taxes and fees, during the first quarter in connection with this decision, reflecting approximately $142 million in indirect tax credits ("credits") that we are entitled to monetize in future periods, offset by approximately $43 million and $15 million in taxes and fees, respectively, that we anticipate will be paid in 2019. The credits and related fees are recorded in interest and sundry (income) expense in our Consolidated Condensed Statements of Comprehensive Income. The Brazilian tax authorities have sought clarification before the Brazilian Supreme Court of certain matters, including the amount of these credits (i.e., the gross rate or net credit amount), and certain other matters that could affect the rights of Brazilian taxpayers regarding these credits. If the Brazilian tax authorities challenge our rights to these credits, we may become subject to new litigation related to credits already monetized and/or disallowance of further credit monetization. Based on the opinion of our tax and legal advisors, we have not accrued any amounts related to potential future litigation regarding these credits.

The Company has similar cases with other Brazilian subsidiaries related to approximately $70 million in potential credits for which we have yet to receive a ruling. While the Company's recovery with respect to the remaining litigation may be material, there is substantial uncertainty about both the amount and timing of any recovery, and as such no amounts have been recognized.

Competition Investigation

In 2013, the French Competition Authority ("FCA") commenced an investigation of appliance manufacturers and retailers in France. The investigation includes a number of manufacturers, including the Whirlpool and Indesit operations in France.

On June 26, 2018, Whirlpool France SAS, a subsidiary of the Company, reached an agreement with the staff of the FCA to settle the first part of its investigation, which relates to a 14-month period during parts of 2006-07 and 2008-09. In the third quarter of 2018, we accrued €95 million after entering into a preliminary settlement agreement with the FCA. On December 6, 2018, the FCA's college issued its final decision, setting the final amount of the fine at €102 million, with €56 million attributable to Whirlpool's France business and €46 million attributable to Indesit's France business. Under the terms of a settlement with Indesit's former owners, the former owners are obligated to pay €17 million out of escrow to the Company. Payment of the Indesit portion of the FCA fine (€46 million, or approximately $52 million at March 31, 2019) was made in the first quarter of 2019 and payment of the Whirlpool portion of the FCA fine (€56 million, or approximately $63 million at March 31, 2019) was made in April 2019. The Company expects payment to the Company from Indesit's former owners to be made in the second quarter of 2019.

The second part of the FCA investigation, which is expected to focus primarily on manufacturer interactions with retailers, is ongoing but at a less advanced stage. The Company is cooperating with this investigation. Although it is currently not possible to assess the impact, if any, this matter may have on our financial statements, the resolution of the second part of the FCA investigation could have a material adverse effect on our financial statements in any particular reporting period.

Trade Customer Insolvency

In 2017, Alno AG and certain affiliated companies filed for insolvency protection in Germany. Bauknecht Hausgeräte GmbH, a subsidiary of the Company, was a long-standing supplier to Alno and certain of its affiliated companies. The Company was also a former indirect minority shareholder of Alno. In August 2018, the insolvency trustee asserted €174.5 million in clawback and related claims against Bauknecht. We are reviewing the claims made by the insolvency trustee. Based on our preliminary understanding of the facts and the applicable law, we expect to vigorously defend against the claims. Although it is currently not possible to assess the impact this matter may have on our Consolidated Condensed Financial Statements, the resolution of this matter could have a material adverse effect on our financial statements in any particular reporting period.

Other Litigation

We are currently defending against two lawsuits that have been certified for class action treatment in U.S. federal court, relating to two top-load washing machine models. We believe the lawsuits are without merit and are vigorously defending them. Given the preliminary stage of the proceedings, we cannot reasonably estimate a range of loss, if any, at this time. The resolution of this matter could have a material adverse effect on our financial statements in any particular reporting period.

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

Product Warranty and Legacy Product Corrective Action Reserves

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

	Product Warranty	
Millions of dollars	2019	2018
Balance at January 1	$268	$277
Issuances/accruals during the period	67	85
Settlements made during the period/other	(80)	(83)
Balance at March 31	$255	$279
Current portion	$182	$202
Non-current portion	73	77
Total	$255	$279

In the normal course of business, we engage in investigations of potential quality and safety issues. As part of our ongoing effort to deliver quality products to consumers, we are currently investigating certain potential quality and safety issues globally. As necessary, we undertake to effect repair or replacement of appliances in the event that an investigation leads to the conclusion that such action is warranted.

Guarantees

We have guarantee arrangements in a Brazilian subsidiary. For certain credit worthy customers, the subsidiary guarantees customer lines of credit at commercial banks to support purchases following its normal credit policies. If a customer were to default on its line of credit with the bank, our subsidiary would be required to assume the line of credit and satisfy the obligation with the bank. At March 31, 2019 and December 31, 2018, the guaranteed amounts totaled $104 million and $146 million, respectively. The fair value of these guarantees were nominal at March 31, 2019 and December 31, 2018. Our subsidiary insures against a significant portion of this credit risk for these guarantees, under normal operating conditions, through policies purchased from high-quality underwriters.

We provide guarantees of indebtedness and lines of credit for various consolidated subsidiaries. The maximum contractual amount of indebtedness and credit facilities available under these lines for consolidated subsidiaries totaled $2.5 billion and $3.5 billion at March 31, 2019 and December 31, 2018, respectively. Our total short-term outstanding bank indebtedness under guarantees was $17 million at March 31, 2019 and $21 million at December 31, 2018.

(9) PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The following table summarizes the components of net periodic pension cost and the cost of other postretirement benefits for the periods presented:

	Three Months Ended March 31,					
	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
Millions of dollars	2019	2018	2019	2018	2019	2018
Service cost	$ 1	$ 1	$ 1	$ 1	$ 2	$ 2
Interest cost	31	30	6	6	4	4
Expected return on plan assets	(44)	(43)	(7)	(8)	—	—
Amortization:						
Actuarial loss	12	13	2	3	—	—
Prior service cost (credit)	(1)	(1)	—	—	(2)	3
Settlement and curtailment (gain) loss	—	—	1	—	(7)	—
Net periodic benefit cost (credit)	$ (1)	$ —	$ 3	$ 2	$ (3)	$ 9

The following table summarizes the net periodic cost recognized in operating profit and interest and sundry (income) expense for the periods presented:

	Three Months Ended March 31,					
	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
Millions of dollars	2019	2018	2019	2018	2019	2018
Operating profit (loss)	$ 1	$ 1	$ 1	$ 1	$ 2	$ 2
Interest and sundry (income) expense	(2)	(1)	2	1	(5)	7
Net periodic benefit cost	$ (1)	$ —	$ 3	$ 2	$ (3)	$ 9

During the second quarter 2011, we modified retiree medical benefits for certain retirees to be consistent with those benefits provided by the Whirlpool Corporation Group Benefit Plan. We accounted for these changes as a plan amendment in 2011, resulting in a reduction in the postretirement benefit obligation of $138 million, of which approximately $89 million of benefit has been recognized in net earnings since 2011, with an offset to accumulated other comprehensive loss, net of tax. In response, a group of retirees initiated legal proceedings against Whirlpool asserting the above benefits are vested and changes to the plan are not permitted.

On February 15, 2019, we received a favorable decision from the United States Court of Appeals for the Sixth Circuit, which held that the benefits at issue are not vested for life and may be altered. Plaintiffs could seek further review of the Court's decision. On April 4, 2019, the Sixth Circuit Court issued a mandate to the district court, requiring it to take steps to implement this decision. The amount incurred in the first quarter of 2019 related to this decision was not material and we do not expect a material financial impact in future periods.

(10) HEDGES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are accounted for at fair value based on market rates. Derivatives where we elect hedge accounting are designated as either cash flow, fair value or net investment hedges. Derivatives that are not accounted for based on hedge accounting are marked to market through earnings. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. Hedging ineffectiveness and a net earnings impact occur when the change in the fair value of the hedge does not offset the change in the fair value of the hedged item. The ineffective portion of the gain or loss is recognized in earnings. The fair value of the hedge asset or liability is presented in either other current assets/liabilities or other noncurrent assets/liabilities in the Consolidated Condensed Balance Sheets and in other within cash used in operating activities in the Consolidated Condensed Statements of Cash Flows.

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

Hedging Strategy

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

Foreign Currency Exchange Rate Risk

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

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

Commodity Price Risk

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

Interest Rate Risk

We may enter into interest rate swap agreements to manage interest rate risk exposure. Our interest rate swap agreements, if any, effectively modify our exposure to interest rate risk, primarily through converting certain floating rate debt to a fixed rate basis, and certain fixed rate debt to a floating rate basis. These agreements involve either the receipt or payment of floating rate amounts in exchange for fixed rate interest payments or receipts, respectively, over the life of the agreements without an exchange of the underlying principal amounts. We also may utilize a cross-currency interest rate swap agreement to manage our exposure relating to certain intercompany debt denominated in one foreign currency that will be repaid in another foreign currency. At March 31, 2019 there was $700 million notional amount of outstanding interest rate swap agreements. At December 31, 2018 there were no outstanding interest rate swap agreements.

We enter into swap rate lock agreements to effectively modify our exposure to interest rate risk by locking in interest rates on probable long-term debt issuances.

Net Investment Hedging

The following table summarizes our foreign currency denominated debt and foreign exchange forwards/options designated as net investment hedges at March 31, 2019 and December 31, 2018:

Instrument	Notional (Local) 2019	Notional (Local) 2018	Notional (USD) 2019	Notional (USD) 2018	Current Maturity
Senior note - 0.625%	€500	€500	$561	$573	March 2020
Commercial Paper	€300	€—	$337	$—	April 2019
Foreign exchange forwards/options	MXN 7,200	MXN 7,200	$372	$366	August 2022

For instruments that are designated and qualify as a net investment hedge, the effective portion of the instruments' gain or loss is reported as a component of other comprehensive income (OCI) and recorded in accumulated other comprehensive loss. The gain or loss will be subsequently reclassified into net earnings when the hedged net investment is either sold or substantially liquidated. The remaining change in fair value of the hedge instruments represents the ineffective portion, which is immediately recognized in interest and sundry (income) expense in our Consolidated Condensed Statements of Comprehensive Income. As of March 31, 2019 and December 31, 2018, there was no ineffectiveness on hedges designated as net investment hedges.

The following table summarizes our outstanding derivative contracts and their effects in our Consolidated Condensed Balance Sheets at March 31, 2019 and December 31, 2018:

	Notional Amount		Fair Value of Hedge Assets		Fair Value of Hedge Liabilities		Type of Hedge[1]	Maximum Term (Months)	
Millions of dollars	2019	2018	2019	2018	2019	2018		2019	2018
Derivatives accounted for as hedges									
Foreign exchange forwards/options	$3,012	$3,126	$47	$ 49	$ 34	$ 48	(CF/NI)	41	44
Commodity swaps/options	243	216	11	1	12	27	(CF)	27	30
Interest rate derivatives	700	—	14	—	31	—	(CF)	119	0
Total derivatives accounted for as hedges			$72	$ 50	$ 77	$ 75			
Derivatives not accounted for as hedges									
Foreign exchange forwards/options	$3,061	$4,382	$30	$ 27	$ 16	$ 69	N/A	18	21
Commodity swaps/options	36	3	1	—	1	—	N/A	27	0
Total derivatives not accounted for as hedges			31	27	17	69			
Total derivatives			$103	$ 77	$ 94	$ 144			
Current			$65	$ 60	$ 38	$ 95			
Noncurrent			38	17	56	49			
Total derivatives			$103	$ 77	$ 94	$ 144			

[1] Derivatives accounted for as hedges are considered either cash flow (CF) or net investment (NI) hedges.

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The following tables summarize the effects of derivative instruments and foreign currency debt designated as net investment hedges in our Consolidated Condensed Statements of Comprehensive Income for the periods presented:

Cash Flow Hedges - Millions of dollars	Three Months Ended March 31, Gain (Loss) Recognized in OCI (Effective Portion) [1] 2019	2018
Foreign exchange forwards/options	$ 28	$ —
Commodity swaps/options	22	(15)
Interest rate derivatives	(17)	—
Net Investment Hedges		
Foreign currency	1	(63)
	$ 34	$ (78)

Cash Flow Hedges - Millions of dollars	Location of Gain (Loss) Reclassified from OCI into Earnings (Effective Portion)	Three Months Ended March 31, Gain (Loss) Reclassified from OCI into Earnings (Effective Portion) 2019	2018
Foreign exchange forwards/options	Net sales	(1)	(2)
Foreign exchange forwards/options	Cost of products sold	5	(6)
Foreign exchange forwards/options	Interest and sundry (income) expense	37	6
Commodity swaps/options [2]	Cost of products sold	(3)	13
Interest rate derivatives	Interest expense	1	—
Interest rate derivatives	Interest and sundry (income) expense	8	—
		47	11

Derivatives not Accounted for as Hedges - Millions of dollars	Location of Gain (Loss) Recognized on Derivatives not Accounted for as Hedges	Three Months Ended March 31, Gain (Loss) Recognized on Derivatives not Accounted for as Hedges 2019	2018
Foreign exchange forwards/options	Interest and sundry (income) expense	$ 29	$ (71)

[1] The tax impact of the cash flow hedges was $5 million for the three months ended March 31, 2019 and 2018. The tax impact of the net investment hedges was $1 million and $12 million for the three months ended March 31, 2019 and 2018, respectively.
[2] Cost for commodity swaps/options are recognized in cost of sales as products are sold.
For cash flow hedges, the amount of ineffectiveness recognized in interest and sundry (income) expense was nominal for the periods ended March 31, 2019 and 2018. There were no hedges designated as fair value for the periods ended March 31, 2019 and 2018. The net amount of unrealized gain or loss on derivative instruments included in accumulated OCI related to contracts maturing and expected to be realized during the next twelve months is a gain of $31 million at March 31, 2019.

(11) FAIR VALUE MEASUREMENTS

Fair value is measured based on an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions market participants would use in pricing an asset or liability. Assets and liabilities measured at fair value are based on a market valuation approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As a basis for considering such assumptions, a three-tiered fair value hierarchy is established, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets that are observable, either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table summarizes the valuation of our assets and liabilities measured at fair value on a recurring basis at March 31, 2019 and December 31, 2018 are as follows:

			Fair Value					
Millions of dollars	Total Cost Basis		Level 1		Level 2		Total	
Measured at fair value on a recurring basis:	2019	2018	2019	2018	2019	2018	2019	2018
Money market funds[1]	$537	$511	$2	$ 5	$535	$506	$537	$511
Net derivative contracts	—	—	—	—	9	(67)	9	(67)
Available for sale investments	6	7	19	12	—	—	19	12

[1] Money market funds are comprised primarily of government obligations or time deposits with banks and other first tier obligations.

Other Fair Value Measurements

The fair value of long-term debt (including current maturities) was $4.75 billion and $4.17 billion at March 31, 2019 and December 31, 2018, respectively, and was estimated using discounted cash flow analysis based on incremental borrowing rates for similar types of borrowing arrangements (Level 2 input).

(12) STOCKHOLDERS' EQUITY

The following table summarizes the changes in stockholders' equity for the periods presented:

		Whirlpool Stockholders' Equity				
	Total	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock/ Additional Paid-in-Capital	Common Stock	Non-Controlling Interests
Balances, December 31, 2018	$3,205	$6,933	$ (2,695)	$ (2,059)	$ 112	$ 914
Comprehensive income						
Net earnings	474	471	—	—	—	3
Other comprehensive income	93	—	93	—	—	—
Comprehensive income	567	471	93	—	—	3
Adjustment to beginning retained earnings (1)	61	61	—	—	—	—
Stock issued (repurchased)	(40)	—	—	(40)	—	—
Dividends declared	(74)	(74)	—	—	—	—
Balances, March 31, 2019	3,719	7,391	(2,602)	(2,099)	112	917

		Whirlpool Stockholders' Equity				
	Total	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock/ Additional Paid-in-Capital	Common Stock	Non-Controlling Interests
Balances, December 31, 2017	$5,128	$7,352	$ (2,331)	$ (935)	$ 112	$ 930
Comprehensive income						
Net earnings	94	94	—	—	—	—
Other comprehensive income	5	—	4	—	—	