



Department of Justice

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**DEPARTMENT OF JUSTICE ANTITRUST DIVISION STATEMENT ON THE
CLOSING OF ITS INVESTIGATION OF
WHIRLPOOL'S ACQUISITION OF MAYTAG**

WASHINGTON, D.C.— The Department of Justice's Antitrust Division issued the following statement today after the Department announced the closing of its investigation of the proposed acquisition by Whirlpool Corporation (Whirlpool) of Maytag Corporation (Maytag):

“After thoroughly investigating Whirlpool's proposed acquisition of Maytag, the Division determined that the proposed transaction is not likely to reduce competition substantially. The combination of strong rival suppliers with the ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve indicates that this transaction is not likely to harm consumer welfare.

“The Division focused its investigation on residential clothes washers and dryers, though it considered the impact of the merger across the entire range of products offered by the two companies. Based on the evidence obtained during its extensive investigation, the Division found that this merger is not likely to give the merged entity market power in the sale of any of its products in the United States.

“The Division found that, despite the two companies' relatively high share of laundry product sales in the United States, any attempt to raise prices likely would be unsuccessful. Whirlpool and Maytag represent two well-known brands in the industry, but rival appliance brands such as Kenmore, General Electric and Frigidaire are also well established, and newer brands such as LG and Samsung have quickly established themselves in recent years. LG, Samsung, and other foreign manufacturers could increase their imports into the U.S. Existing U.S. manufacturers have excess capacity and could increase their production. Further, the large retailers through which the majority of these appliances are sold—Sears, Lowe's, The Home Depot and Best Buy—have alternatives available to help them resist an attempt by the merged entity to raise prices. Finally, the parties substantiated large cost savings and other efficiencies that should benefit consumers.”

(Background information is attached.)

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Background

Whirlpool, based in Benton Harbor, Michigan, is the largest appliance manufacturer in the United States. Maytag, headquartered in Newton, Iowa, is the third largest appliance manufacturer behind Whirlpool and GE Consumer Products (GE). Both companies manufacture major household appliances, including washers and dryers, refrigerators, dishwashers and ovens, as well as other appliances such as microwave ovens and room air conditioners.

Whirlpool's annual sales are more than \$14 billion and Maytag's are almost \$5 billion. Both companies sell appliances under a variety of brand names. Whirlpool sells products under the Whirlpool, KitchenAid, Estate, Roper, and Inglis brands. Maytag's brands include Maytag, Amana, Admiral, Performa, Jenn-Air, and Magic Chef. Maytag and Whirlpool, along with GE, Electrolux, LG, and Bosch, also make appliances for Sears sold under the Kenmore brand name. Both Whirlpool and Maytag manufacture products for sale in North America in various locations throughout the U.S. and Mexico. Some of these companies also source high-efficiency laundry products from overseas.

In laundry products, the Antitrust Division evaluated the merger from the standpoint of household automatic washers and dryers sold in the United States. Other manufacturers that currently sell laundry products in the United States include GE, Electrolux (under the Frigidaire brand), LG, Samsung, Fisher & Paykel, and Bosch-Siemens. Although some of these manufacturers have sold into the United States for years, LG and Samsung are more recent entrants. LG has grown to a significant volume of sales at Best Buy and The Home Depot in a short period of time, and Samsung very recently began selling its first laundry products in the U.S., selling at Lowe's and Best Buy.

Washer and dryer models are sold at a wide range of retail prices, based largely on the features and efficiency of the machines. The investigation revealed that a number of manufacturers, such as LG and Samsung, currently manufacture overseas high-efficiency, front-load washers and dryers and sell them successfully in the U.S. In the production of conventional top-load models, which are less efficient, there is untapped capacity at the manufacturing plants now operated by current U.S. suppliers, such as GE and Electrolux. In addition, companies such as LG currently manufacture top-load washers in Asia, and Samsung already manufactures top-load washers in Mexico for sale in Latin America. Thus, any attempt by the merged entity to raise prices in the sale of conventional top-load washers likely would be checked by the threat of additional U.S. production, the threat that top-load washers made in Mexico or overseas could be sold into the United States, and the loss of sales to suppliers of front-load washing machines. While front-load washing machines typically are sold at higher prices than conventional top-load machines, the total cost of purchasing and operating the two types of washers is comparable because front-load washers are more efficient.

Recent events in the marketplace confirm that large appliance retailers have alternatives available to help them counter any attempted exercise of market power by an appliance manufacturer. The four largest retailers in the United States—Sears, Lowe's, The Home Depot, and Best Buy—collectively account for almost two-thirds of all home appliance sales in the United States. Best Buy had significant success with LG laundry products following their introduction in May 2003. In early 2005, Best Buy discontinued selling Maytag laundry

products and replaced some of the discontinued models with LG products. Home Depot has been selling LG laundry products since June 2005. LG now accounts for a significant percentage of laundry sales at both retailers.

The Division also evaluated carefully the large cost savings and other efficiencies that Whirlpool has indicated it will achieve through the transaction. The parties provided detailed analyses supporting enough of these claimed efficiencies to indicate that Whirlpool is likely to achieve significantly more savings than Maytag could achieve if this transaction does not proceed. These efficiencies further reduce the likelihood that the transaction might harm consumer welfare.