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J.B. HOYT
DIRECTOR, GOVERNMENT RELATIONS

May 12, 2005

Mr. Andrew Fanara
Manager, ENERGY STAR® Program
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Ms. Mehernaz Polad
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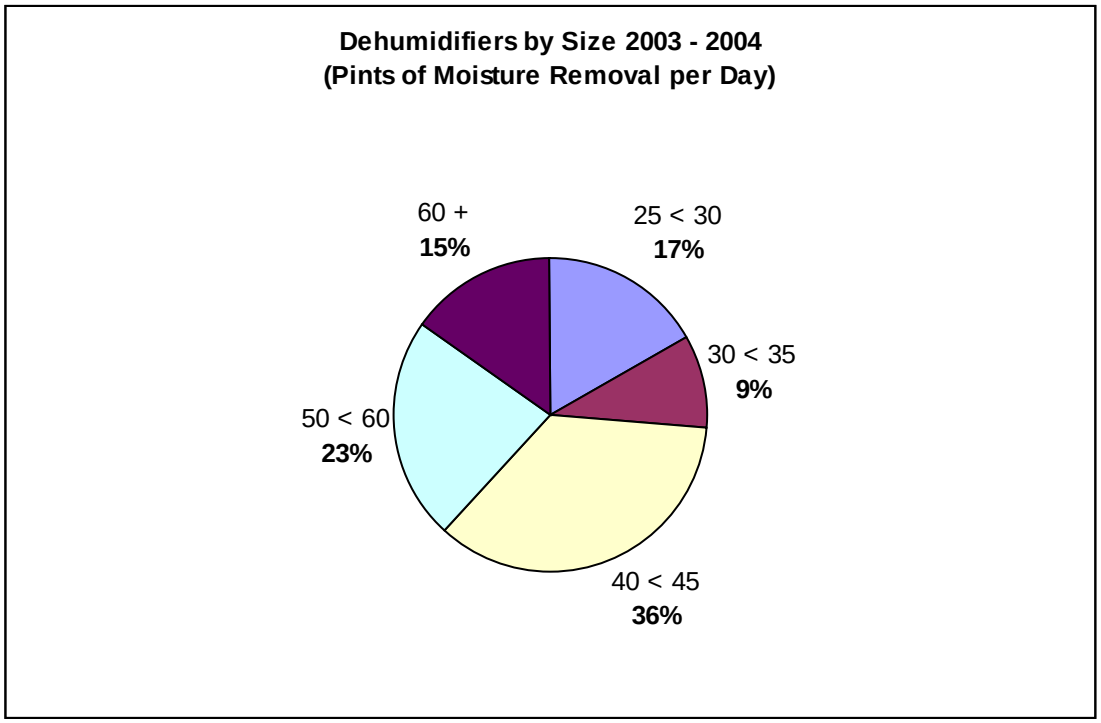
Dear Mr. Fanara, Ms. Polad:

Thank you for the opportunity to engage in further dialog regarding the proposed ENERGY STAR® requirements for dehumidifiers. Whirlpool Corporation is a significant manufacturer of this product and is one of the last remaining domestic producers of this product.

The following topics are a result of our telephone conversation of May 4 and are intended to supplement the comments which Whirlpool submitted on April 5, 2005.

Estimated Shipment Volume by Size Category
There is limited information on shipments by product capacity. However, as the chart below indicates, the 40 and 50-pint units are those where the most shipment activity (~60%) takes place. There is some evidence to suggest that these segments have grown in size in recent years.



The bottom line here is that the EPA will have a more significant impact on total energy use by focusing more on the mid-sized units than on the large-sized units.

Issues With Certain Proposed "Bin" Efficiency Levels

Whirlpool previously indicated that the proposed ENERGY STAR level for category III (>54 to =<75 pints) is too high. To reiterate, an energy factor of 1.6 is attainable without a dramatic increase in product cost. Moving to 1.7 or beyond, if attainable at all, will result in a significant adverse impact on product cost due to higher cost components and added materials. Whirlpool is near the limit of the technology available for this chassis. To move to a higher efficiency could bring about a costly product redesign and would threaten our ability to produce this unit domestically. Additionally, as noted above, this is a smaller segment of dehumidifiers; thus any energy savings from an even higher efficiency level would be minimal. We strongly urge EPA not to push this beyond an EF of 1.6.

Issues with Effective Date on new ENERGY STAR Levels

- **Steps Manufacturers Must Take**

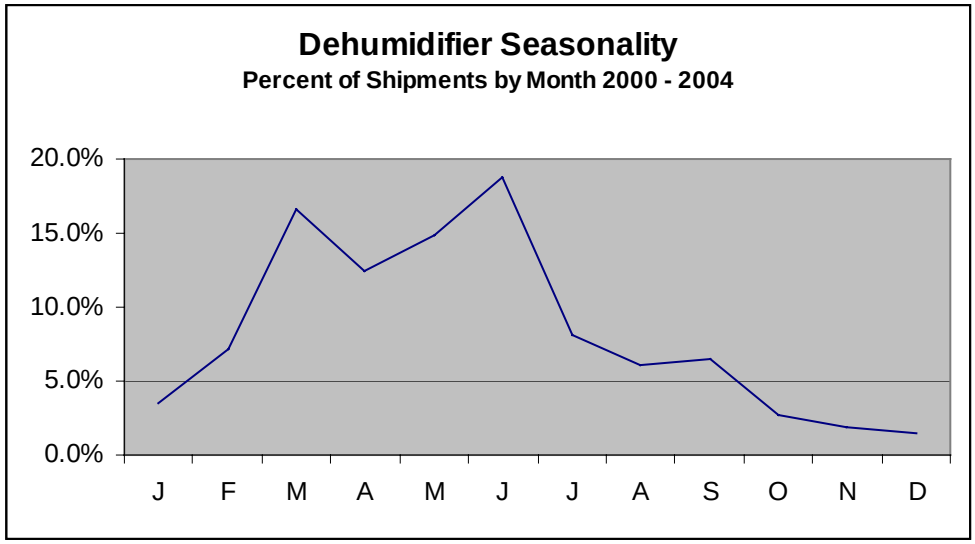
  As a manufacturer of dehumidifiers, Whirlpool must take several steps to address any change in the ENERGY STAR program.

  - This begins with an assessment of the efficiency of our entire current product line to determine which models currently meet ENERGY STAR, which do not, which existing models will meet the new ENERGY STAR levels and which will not.
  - An engineering assessment is then performed to determine what product modifications, changes or re-designs are required to meet the new ENERGY STAR levels. This will include: the product cost changes, time

to affect the changes and the capital investment necessary to meet the new efficiency levels.

- Concurrently, a marketing assessment is performed to clearly understand the positions of all Whirlpool-manufactured brands vis-à-vis the competitive brands in the market. This includes determining how we might strengthen our position, how potential competitive moves might weaken our position and various intermediate scenarios.
- The engineering and marketing assessments are combined for a complete picture of the expected investment. It also includes the expected results if we were to meet the new ENERGY STAR levels. A resource allocation process then determines if and when investment in this product can be made vis-à-vis all competing product investments at Whirlpool.
- Assuming the investment is approved, engineering development work takes place. This is a matter of several months to a few years depending on the magnitude of the change. In the current Dehumidifier case, it should be limited to several months.
- Once prototype products are developed, they undergo extensive engineering and consumer testing to assure that the new designs perform as expected and meet consumer needs.
- This is followed by identification of suppliers of any new product components, ordering of any required manufacturing equipment and development of changes in the manufacturing process itself. Note that if manufacturing equipment is required, the lead-times can be as long as 12-18 months.

- **Seasonal Nature of This Product**
  Dehumidifiers are a highly seasonal product. Consumer demand takes place in those months where high heat and humidity create a need for dehumidification of basements and other rooms in the household. As shown in the graph below, the peak months of March thorough June experience shipments three to five times the volume of the remaining months.



Because it is not cost effective to have manufacturing capacity to meet peak demand, virtually every manufacturer begins production near the beginning of the calendar year in order to build up sufficient inventory to meet the demand of peak months. Little or no production of this product occurs in the fourth quarter of the year. Changes to product design are not made during the production cycle for reasons of cost and marketplace continuity. Thus, decisions to change product design (such as to meet new ENERGY STAR levels) are made early in a year to be effective in the following year. In the case of Dehumidifiers, we strongly urge the EPA to announce new ENERGY STAR levels later in 2005, effective January 1, 2007. This will allow manufacturers, including Whirlpool, adequate time to develop and produce qualifying product for the 2007 season.

- **Phase-out of Existing Inventory**
  It is mutually beneficial to the EPA and to Whirlpool for inventory manufactured at the previous ENERGY STAR level to be largely sold through the distribution network. Given the seasonal nature of dehumidifiers outlined above, this will require effective planning of production volumes and (if necessary) sales incentives to assure that the vast majority of old product is out of the marketplace. The seasonal nature of this product requires that these decisions be made early in the calendar year to assure sell-through during that season.

- **Consistency Across Total ENERGY STAR Program**
  Long lead-time activities, such as extensive product re-design and procurement of new capital equipment, may not be required of all manufacturers in this case. However, such activities are often required to achieve new ENERGY STAR levels for appliance products. Whirlpool feels that it is critical that consistent lead-times, which allow manufacturers to adequately react to new ENERGY STAR levels, be maintained across all products in this category. To do otherwise, would create a precedent which would be detrimental to manufacturers and the ENERGY STAR program alike.

Again, Whirlpool Corporation appreciates the opportunity to comment in this matter. We urge the EPA to give serious consideration, not only to our position, but also to the basis for that decision. Finally, we would be pleased to engage in further dialog with you on this subject.

Sincerely,

cc: David Calabrese, AHAM