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Maytag Appliances Announces Intention to Close Galesburg Plant; Unveils New

Refrigeration Production Strategy

NEWTON, Iowa, Oct. 11 /PRNewswire-FirstCall/ -- Maytag Appliances announced its intention to close the Galesburg (Ill.) Refrigeration Products facility as part of its ongoing cost improvement initiatives and unveiled a new refrigeration production strategy that will enable the company to produce refrigerators more profitably.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20000505/MYGLOGO>)

Maytag made the announcement to its employees today and anticipates that initial reductions in production at Galesburg will begin by the second half of 2003, with the closure of the Galesburg facility by late 2004.

Bill Beer, president, Maytag Appliances, said, This is a difficult situation, and we realize that it is very disappointing news for our 1,600 employees working at our Galesburg facilities. We deeply regret that we could not identify a cost-effective solution that would allow us to continue the long-term production of refrigerators in Galesburg. We are committed to working to minimize the impact of this plan on our employees, and the Galesburg and surrounding communities.

Maytag Appliances will seek to partner with local, state and federal organizations to develop a transition center for impacted employees. In addition, Maytag will continue its community involvement, including financial support for local United Way member agencies, as long as the plant remains open.

Today's announcement is part of Maytag Appliances' ongoing cost improvement initiatives and is designed to enable the organization to produce future refrigerator models more economically and profitably.

Under this initiative, current side-by-side refrigeration production at the Galesburg facility will be gradually discontinued, and Maytag will finalize more cost-effective manufacturing solutions for the top-mount refrigerator models currently produced there. As with any facility closing, Maytag will comply with all legal and statutory requirements.

Maytag Appliances' refrigeration production plan also calls for the construction of a new refrigeration production facility in Reynosa, Mexico. The new plant, expected to open in late 2003, will be located on the site of an existing Maytag subassembly operation and will manufacture side-by-side refrigerator models.

Maytag Appliances currently manufactures and assembles refrigerators at its Galesburg and Amana (Iowa) Refrigeration Products facilities. In addition to Reynosa, Maytag Appliances also plans to produce new, redesigned side-by-side models at its Amana operations.

Earlier this year, Maytag Appliances opened a subassembly operation in Reynosa, which began producing parts for its major appliance production facilities. In July, Maytag announced the acquisition of a second Reynosa subassembly operation, which is expected to begin producing additional components during the fourth quarter.

The changes that we intend to make in our refrigeration business are critical to improving our profitability in the very competitive appliance marketplace, said Beer. Our new expansion in Reynosa will allow us to achieve the important quality improvement and cost benefits in our new assembly facility that we are already realizing in our Reynosa component parts production.

Headquartered in Newton, Iowa, Maytag Appliances, a division of

Maytag Corporation (NYSE: MYG), is a leading producer of home appliances. Key products include laundry, refrigeration, cooking products and dishwashers, which are sold to customers throughout North America and in international markets.

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