

Whirlpool Corporation  
Annual Report 2005



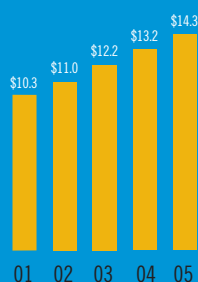
# Whirlpool Corporation Financial Highlights

(millions of dollars, except per share data)	2005	2004	% Change
Net sales	\$ 14,317	\$ 13,220	8.3%
Net earnings	\$ 422	\$ 406	3.9%
Per share on a diluted basis	\$ 6.19	\$ 5.90	4.9%
Stockholders' equity	\$ 1,745	\$ 1,606	8.7%
Total assets	\$ 8,248	\$ 8,181	0.8%
Return on equity *	24.6	30.3	-18.8%
Book value per share	\$ 25.54	\$ 23.31	9.6%
Dividends per share	\$ 1.72	\$ 1.72	0.0%
<b>Share price</b>			
High	\$ 86.52	\$ 80.00	8.1%
Low	\$ 60.78	\$ 54.53	11.5%
Close	\$ 83.76	\$ 69.21	21.0%
Shares outstanding at December 31 (in 000's)	67,880	66,604	1.9%
Number of employees	65,682	68,125	-3.6%

\*Refer to Eleven-Year Consolidated Statistical Review (pages 34-35) for more information about return on equity calculations.

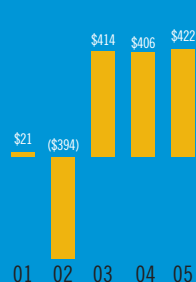
## Revenue

(\$ in billions)



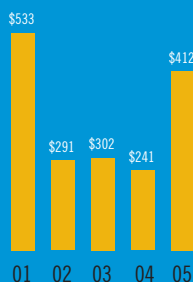
## Net Earnings (Loss)

(\$ in millions)



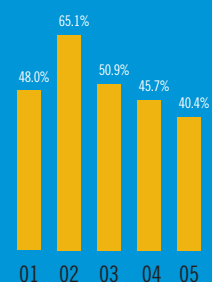
## Free Cash Flow

(\$ in millions)



## Debt/Total Capital

(percent)



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**Whirlpool is ...**  
**Always Thinking**  
**Delivering Innovation**  
**Delighting Customers**

All companies talk about innovation. At Whirlpool Corporation, our people are always thinking about ways to deliver unique and relevant solutions for our customers' needs and wants.

Our innovation process is a long-term strategic commitment we've made to consistently deliver the products and services that delight our customers and create unmatched levels of loyalty to our brands ... worldwide. Customer loyalty to our brands is the core of our strategy, and our embedded innovation capabilities drive the process.

Innovation at Whirlpool is not a temporary project or separate corporate department. It is a capability that permeates all areas of the company ... within our people, our products and our services.

In a rapidly changing global marketplace, our customers are more knowledgeable and have more choices than ever before. And only by providing them with innovative, high-quality, competitively-produced products that deliver, and build upon, the positive reputation of our brands will we succeed in moving our strategy and performance to the next level. We are making significant progress, and we are seeing the results of our efforts in the marketplace.



# Whirlpool Corporation Innovation Pipeline

Whirlpool launched its innovation initiative in 1999 to create value for our customers and shareholders and drive loyalty to our brands. During 2005, a record number of new products were introduced into the marketplace globally, driving additional sales and contributing value well beyond our goals:

- Our 2005 innovation revenue was almost \$800 million, helping Whirlpool to consistently grow faster than historical rates.
- The value of our pipeline today is estimated at over \$3.3 billion, an increase of more than 66% from 2004.
- Innovation projects are returning higher than average margins and driving shareholder value.

The pace of innovation continues to accelerate. By the end of 2006, more than 60% of the products in the North American marketplace will be new innovations that did not exist in 2005. Additionally, Whirlpool will undertake the largest new product launch in its history, with the introduction of a completely new laundry line in North America.

Our investment strategy for the innovation pipeline is to fuel an increasing rate of compelling product innovation that:

- Delivers new and differentiated solutions to our customers
- Establishes sustainable competitive advantage
- Creates differentiated shareholder value

NA North America  
LA Latin America  
E Europe  
A Asia

**New Products:**  
Completely new product lines are created to solve previously unmet consumer needs.



**Fabric Freshener and Pret-à-Porter**  
Portable clothing freshener that conveniently removes odors and relaxes wrinkles. NA, E



**Origami Accessories**  
Multi-functional cooktop accessories. E



**Single Drawer Dishwasher**  
Water and energy efficient small-load capacity drawer dishwasher enables more frequent washes with improved ergonomic loading. NA



**42" French Door Built-In Refrigerator**  
The world's first French Door built-in refrigerator, providing the widest refrigeration space available. NA



**Single Refrigerated Drawers**  
Built-in modular refrigeration and wine drawers. E



**Undercounter Beverage Center**  
Wine cellar/refrigerator with three different temperature zones. NA



**Pro Line Laundry Pair**  
Premium laundry pair with commercial styling, fit, feel and finish. NA



**Laundry Work Space Platform**  
Unique staging area for sorting, treating and folding clothes on top of the washer and dryer. NA



**Mini Built-In Espresso-maker**  
Affordable, space-saving built-in espresso coffee machine by "for IKEA by Whirlpool". E



**Twin Genius Speedoven**  
Compact speedcook appliance provides four cooking methods: oven, convection, speedcook and microwave. E



**Built-In Espresso Machine**  
Fully automatic built-in espresso and cappuccino machine. E



**Laundry Organizers**  
Organizer integrates with washer and dryer to eliminate clutter. NA

2005  
2006

**Marketable Innovation:**  
Unique, innovation features are designed to update existing products and present new product attributes to the marketplace.



**Fast-Fill Dispenser Refrigerator**  
Refrigerator that provides consumers with programmed high-speed and measured-fill dispensing of water and ice. NA



**Personal Lifestyle Appliance (PLA)**  
Limited-issue mini refrigerators featuring detachable artistic panels. LA



**Dual Fuel Range with Steam Assist**  
World's first freestanding, full-size oven combines steam with convection cooking for professional results. NA



**Refrigerator Colors**  
Refrigerators with emotionally appealing colors. LA



**Titanium Appliance Line**  
High-tech design with fingerprint-resistant titanium finish. E



**Pure Water Dispensing Refrigerator**  
Features an improved water dispenser that provides pure water. LA



**ProScrub Dishwasher**  
32 targeted spray jets scour away food with no scrubbing or soaking. NA



**European Oven Line**  
Premium oven line with fingerprint-proof finish and integrated Origami cooking accessories. E



**PowerPair Cooking Center**  
A microwave-hood combo and a freestanding range with coordinated aesthetics are paired for maximum performance, cooking capacity and efficiency. NA



**VelosSpeedcook**  
High-speed microwave-hood combo with improved venting, increased capacity and four ways to cook in one appliance: convection, speedcook, microwave, and steam. NA, E



**Soft Dry Hanger**  
Condenser dryer equipped with space-saving accessory to dry delicates. E



**AutoClean Dishwasher**  
Self-cleaning dishwasher filter for superior cleaning performance. E



**Hygienic Refrigerator**  
Filters refrigerator air to remove bacteria. E



**Clear Coat**  
Protective cooktop coating that improves durability and is easy to clean. NA



**Inverse Refrigerator**  
Bottom-mount freezer provides ample freezer space. LA



**Countertop Oven**  
Full-size oven performance in a countertop oven. NA



**Water Coolers**  
Water cooler with built-in LCD display and adjustable temperature. NA



**6th Sense TurboClean Dishwasher**  
Provides variable water pressure, and overnight cycle is the quietest on the market. E



**Moonlight Ventilation Hood**  
Ventilation hood with unique light and design elements. E



**6th Sense Climate Control Refrigerator**  
Climate control fridge-freezer "senses" the optimum temperature and humidity for food preservation. E



**Party Program**  
Accessory that provides excellent dishwasher cleaning and maximum care for a full load of glasses. E



**Slow Cooker**  
Electronic temperature sensor allows quick heating, with insulated walls for better, more even heat retention. NA

2005  
2006

**Product Replacement:**  
Existing product lines are replaced with updated innovation based on key consumer insights.



**Built-In Cooking**  
Built-in ovens and cooktops, redesigned for style, power and performance. NA



**HE4t Colors**  
Unique design and color additions to the HE4t laundry pair. NA



**Cabrio Laundry Pair**  
Large capacity washer pair has a see-through window in the washer and the dryer. NA



**Duet Sport Laundry Pair**  
Smaller version of the Duet laundry pair with a 6-point suspension system. NA



**Kitchen Suites**  
Appliances are designed to be sold in suites for one-time shopping. NA



**Classic Laundry Pair**  
Top-loading configuration with new styling and reliable fabric care. NA



**Metal Toaster**  
Multiple color choices accent brushed stainless steel finish; sides of toaster stay cooler. NA



**Blender**  
Unique polycarbonate pitcher and patented blade system with Intelli-Speed for fast and consistent blending. NA

Whirlpool Corporation's Major Brands:

**KitchenAid®**

**Consul**

**Whirlpool®**  
HOME APPLIANCES

**BRASTEMP**

**Bauknecht**

2005  
2006

**Beyond Product Innovation:**  
Unique efforts undertaken to promote or strengthen other business areas and the brands.

**"Cook's Kitchen" Software**  
An on-line tool that enables consumers to custom design their kitchen based on their lifestyles and expert chefs' knowledge. NA

**"American Family" Podcasts**  
Keeping a finger on the pulse of the American family, Whirlpool launched a popular weekly podcast series available at: [www.whirlpool.com/family](http://www.whirlpool.com/family) NA

**"Spirit of Cooking" Contest**  
An African-American church community outreach program based on a recipe contest. NA

**"Expo tu Casa"**  
Whirlpool was the only appliance manufacturer to participate in this first-of-its-kind home show for the Latino market in the United States. NA

**Robb & Stucky Partnership**  
Premium kitchens are displayed in Robb & Stucky high-end furniture stores to provide customers with hands-on interaction. NA

**"Mother of Invention" Competition**  
A nationwide U.S. competition to help innovative moms win seed money for their business venture attracted 1,700 applicants. NA

**Partners Program**  
A Web-based program, which expands sales through suppliers and technical partners. NA

**eBay® for End-of-Life Product**  
An outlet for discount and obsolete product sales. NA

**Braille Overlay**  
A braille control panel overlay, available upon request. NA

**We Surf, We Care, We Link**  
A suite of tools for managing customer relationships. E

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Delighting Customers

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*In 2005, Whirlpool Corporation continued to successfully execute our brand-value-creation strategy in one of the most challenging external environments seen in decades. Material and oil-related costs increased to unprecedented levels. Our success within this environment was driven by consumer demand for a record number of new product innovations launched throughout the year. Innovation, the attractiveness of our products, and our employees' commitment to success enabled Whirlpool to deliver a record level of performance for our shareholders.*

## 2005: Unprecedented Challenges ...

### Unprecedented Success

During 2005, we achieved great progress in executing our strategy while successfully managing unprecedented levels of material and oil-related cost increases. Base metals, steel, resin and logistic costs all hit record highs. In total, our business absorbed more than \$500 million in higher costs during 2005, after absorbing \$300 million in the second half of 2004. We confronted this significant challenge by accelerating new product innovation to the market, increasing productivity and maintaining cost controls – all of which enabled Whirlpool to deliver a record year of results, highlighted by:

- Record revenues of \$14.3 billion, up 8.3 percent
- Record \$422 million net earnings, up 3.9 percent
- Record earnings per diluted share at \$6.19, up from \$5.90 in 2004
- \$881 million in cash provided by operating activities
- Debt-to-Capital ratio reduced from 46 to 40 percent
- Continued global growth of the *Whirlpool* brand ... the number one selling appliance brand in the world
- Internal controls over financial reporting were again assessed to be effective under Section 404 of the Sarbanes-Oxley Act of 2002
- Our agreement to acquire Maytag Corporation, which obtained subsequent Maytag shareholder approval

## Our Brand-Value-Creation Strategy

The fundamentals of our strategy remain unchanged; the real story continues to be our progress in accelerating the execution of this strategy. The success of our global business is driven by our ability to truly understand and fulfill customer needs, develop highly-innovative branded solutions, effectively serve our trade customers and continuously improve productivity and quality. The major elements of our strategy are listed below:

### Brand and Customer Loyalty

- Customer Focus
- Brand Focus
- Innovation
- Growth

### Best Customer Position

### Trade Management

- High Service Levels
- Coverage
- Share of Business
- Cost to Serve

### Best Trade Position

### Global Operating Platform

- Total Cost Productivity
- Quality
- Working Capital
- Fixed Asset Turnover

### Best Cost and Quality Position

Building upon our combined capabilities and successfully executing each element of our strategy throughout the year enabled us to overcome the challenges of 2005 and deliver record results.

## Innovation ...

### Driving Growth and Customer Loyalty

The success of our global business is driven by a spirit of creativity, passion and resourcefulness within all our people. Our strategy is to enrich the value of our products and brands. Customer loyalty is an important element of this approach, and Whirlpool innovation enables our people to create the products and services that delight our customers and grow shareholder value. Over the last six years, we've worked hard to make innovation a key capability across the organization, an enabler that sets us apart from others and a key factor in creating long-term value. This has been a massive transformation of our company and continues to be at the top of our priorities moving forward.

### Staying the Course

In addition to distinguishing our global products and brands through innovation, we also continued our focus on achieving the best cost and highest quality products, and providing the best trade service in the industry.

We expanded our low-cost manufacturing capacity with the inauguration of a new cooking factory in Poland, and by constructing new refrigerator and washer plants in Mexico.

Working broadly with our trade customers, we helped provide training for hundreds of their sales associates on how to introduce our innovations on showroom floors. We're also making significant strides in the contract home-

*Our strategy is to enrich the value of our products and brands. Customer loyalty is an important element of this approach, and Whirlpool innovation enables our people to create the products and services that delight our customers and grow shareholder value. — Jeff M. Fettig*

We consistently invest in the support and development of our global innovation capability and product pipeline. We've now more than doubled our potential revenue from innovation from \$1.3 billion in 2003 to \$3.3 billion in 2005. We've achieved our goal of producing a pipeline with more than \$3 billion in potential steady-state value to ensure continuous brand loyalty and revenue growth over time. And as a result, we successfully launched more than twice as many new products in 2005, and in half the time, compared to when we began our innovation process six years ago.

builder channel, which remains an important entry way for us to launch our new innovation in the new home segment of the market.

### Maytag Acquisition

During 2005, we announced an agreement to acquire Maytag Corporation, and Maytag shareholders gave their overwhelming approval before the end of the year. Successfully completing the acquisition, for which regulatory approval is pending, will allow us to accelerate the introduction of our innovation to a broader set of consumers through the Maytag portfolio of brands. It will enhance the efficiency of our business, and enable us to more effectively work with our trade customers to offer improved value to consumers.



Jeff M. Fettig,  
Chairman of the Board and Chief Executive Officer  
Whirlpool Corporation

## Looking Forward: 2006 Outlook

As we enter 2006, we expect an external environment comparable to the one we successfully managed in 2005. On a global level, we expect unit demand to grow 2-to-3 percent, and material cost increases of up to \$100 million – in addition to the \$800 million worth of increases we experienced over about the last year and a half.

Within this global operating environment, our people are focused on continuing to successfully execute our strategy to drive growth, and to improve revenues, earnings and cash flow. Our strategy has demonstrated its strength and ability to perform during 2005, and we are confident it will result in business growth and solid performance during 2006.

*Within this global operating environment, we are focused on continuing to successfully execute our strategy to drive growth, and to improve revenues, earnings and cash flow. — Jeff M. Fettig*

## Helping Others in Need

In a year of unprecedented natural disasters – from the tsunami in late 2004, to massive hurricanes in the Gulf region of the U.S., and earthquakes in Pakistan, India and Afghanistan – I'm proud to say that Whirlpool people were often among the first to respond. Around the world, our people provided financial support, rebuilt homes, and donated products, food and clothing to the people impacted by those disasters.

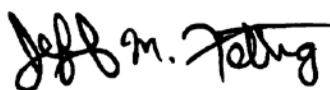
During the year, we strengthened our ongoing support of Habitat for Humanity International. We were the lead sponsor of the 2005 Jimmy Carter Work Project (JCWP) in Michigan – where hundreds of Whirlpool people from more than 19 nations built more than 230 homes. We also announced plans to support every Habitat home built globally through 2011, with product donations, employee involvement, cash and home sponsorship.

In 2005, Whirlpool Corporation was named to the Dow Jones Sustainability World Index, one of the world's most comprehensive reviews of sustainable business practices. As a company, we have a long-term commitment to social responsibility, and it's our people who personify our values and garner such recognition for our success in supporting the communities in which we live and work globally.

## In Closing

We believe Whirlpool Corporation continues to be well positioned for future growth and success. We are pleased with our record performance in 2005 and have set our sights much higher in 2006 and beyond. Our differentiated brand-

value-creation strategy is continuing to demonstrate the great opportunities for Whirlpool. We continue to build the core competencies and operational capabilities that our employees are using around the world to support the execution of our strategy. Going forward, as we saw in 2005, the commitment and dedication of Whirlpool employees will help enable our company to achieve success. Our focus remains on creating value for our shareholders, trade customers, consumers and employees. We look forward to delivering on that commitment in 2006.



Jeff M. Fettig  
Chairman of the Board and Chief Executive Officer



## Message from the Presidents Core Competencies and Operational Capabilities

### Dave Swift, President, Whirlpool North America

More than ever, Whirlpool people are bringing to life our vision of “Every Home, Everywhere, with Pride, Passion and Performance.” Based upon a unique set of core competencies, we are delivering innovative products and services that customers value, which is driving growth and value for shareholders. Our strategy is working.

Executing our strategy requires a unique toolkit of competencies that we continue to build for our people globally. The starting point of building new competencies is what we call “Customer Excellence” — our ability to proactively understand and anticipate the needs of customers. Customer Excellence is a collection of tools that allows our people to analytically assess and prioritize the needs and desires of customers along all aspects of the purchase cycle — from when they first might investigate an appliance on a web site, to the in-store experience on a retailer’s floor, to the features and aesthetics of the product, to the installation and service experience, and ultimately to their need to repeat this cycle. With these consumer insights in-hand, we then turn them into customer solutions through our innovation tools. As a result, our innovation capability has produced a robust pipeline of products, achieving a steady-state estimated value of over \$3 billion. Our 2005 innovation revenue is more than twice the amount in 2004. Our knowledge of customers, coupled with our innovative customer solutions, is driving the attractiveness of our brands and creating greater value for our shareholders.

Additionally, we’ve extended Six-Sigma practices into non-manufacturing areas of our company to create an important tool we call “Customer-Centered Operational Excellence.” This process enables our people to constantly improve upon the way they do their jobs, saving time and money while contributing directly to meeting customer needs.

Each of these tools are being used by our people around the world to better serve our customers, improve our performance and create value for shareholders.

### Mike Todman, President, Whirlpool International

In addition to our unique toolkit of competencies, we also are aggressively building certain operational capabilities and rapidly taking what we learn about our business in one part of the world and applying it globally. Specifically, these capabilities include being the best cost producer through our productivity efforts, delivering the highest levels of customer quality, and enhancing the mix and value of the products sold — collectively helping to improve margins.

Our operational discipline focuses on achieving efficiencies, which in turn creates resources to fund our innovation efforts. Through the use of lean manufacturing and Six-Sigma tools, our 2005 non-material cost productivity gains increased year-over-year, helping to offset the unprecedented rise in material costs we faced during the year. At the same time, we successfully increased our best-cost regional manufacturing sourcing to approximately 40 percent this year, up from 35 percent in 2004. And, we’re well on our way to successfully achieving our goal of sourcing about 50 percent of our manufacturing from low-cost production by 2007, while still ensuring we are the best cost, best quality producer in all our locations.

Product quality is another ongoing priority for Whirlpool. We continue to rapidly build upon our capabilities to achieve “best in class” quality status within the industry. Accordingly, our people are strengthening the Whirlpool Quality Excellence System across our organization.

During 2005, more consumers continued to validate our innovative solutions. To make the selection of our products easier, we’ve developed training tools to educate retail salespeople and trade customers on the appropriate choice of our innovative products to meet consumer needs. This effort has enabled us to sell a richer mix of products and improve upon our margins.

Each of these capabilities is embedded in our strategic global councils representing the functional disciplines of marketing, sales, manufacturing, finance, technology and customer service in each region of the world. Collectively, they are at the heart of our business strategy and vision to improve how we serve our customers and to exceed their expectations in “Every Home, Everywhere.”



Mike Todman, President, Whirlpool International  
Dave Swift, President, Whirlpool North America

Whirlpool Corporation's highly successful *Duet* laundry pair stirs a passion of ownership within consumers, which makes them more likely to recommend *Whirlpool* brand to their friends. Why? The answer is a vivid snapshot of how Whirlpool's strategy to meet consumer needs through our innovation capability can distinguish us within the marketplace and create differentiated value.

Vice President of Corporate Innovation Hank Marcy and Marise Kumar, the company's Vice President of Customer Loyalty, are charged with integrating innovation efforts into our broader company strategy.

"By identifying and measuring the drivers of customer needs and wants, we focus our innovation efforts on those product improvements that will ultimately produce long-term value for shareholders by expanding the breadth and depth of our customer relationships," says Marise. Whirlpool regularly monitors consumer usability habits and preferences. Over the last few years, the functional

and emotional input of more than 30,000 home appliance users has been converted into a focus on creating products that drive loyalty to our brands worldwide.

"With customer satisfaction as our focus, we made a concerted effort to determine which attributes of our products and services drive consumers to our products and have now explicitly focused our innovation efforts on those touchpoints," says Hank. "Our customer focus and innovation processes are now embedded across the entire corporation versus sitting on the side in a separate organization."

The result is a cadence of well-designed products and services that answer consumer needs, sometimes even before the consumer is able to articulate them. The *Whirlpool* fast fill water and ice dispenser, the innovative pedestals upon which the *Duet* laundry pair rest, the *KitchenAid* steam-assist oven, Whirlpool Europe's built-in cooking line, our novel artistic refrigerators in Latin America, and the *Gladiator* Garageworks line of products ... are just a few examples of recent Whirlpool innovations driving the attractiveness of our brands in the marketplace worldwide.



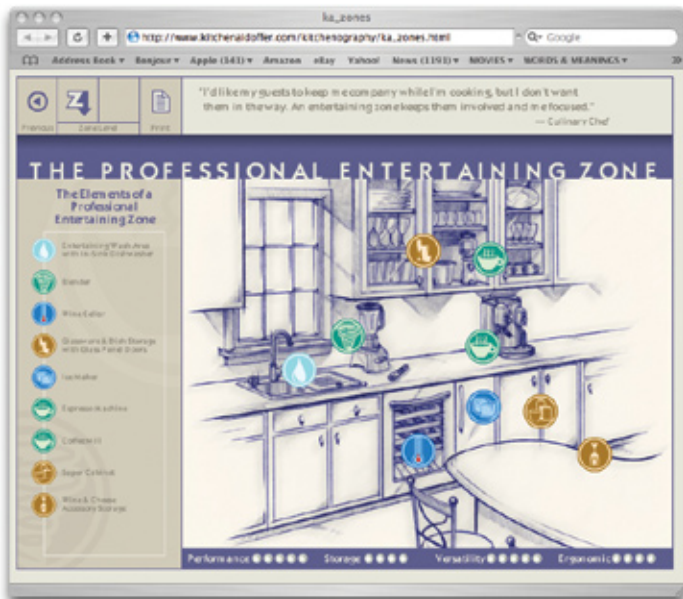
*Our customer focus and innovation processes are now embedded across the entire corporation versus sitting on the side in a separate organization. — Hank Marcy*

Hank Marcy, Vice President, Corporate Innovation  
Marise Kumar, Vice President, Customer Loyalty  
Whirlpool Corporation



Mark Johnson, Manager, Architectural and Design Marketing  
Whirlpool North America

*My customers are true early adopters of our latest innovative products, improving our speed to market.*  
— Mark Johnson



Searching the marketplace for new home appliances is uncharted territory for most consumers. But Mark Johnson, manager of architectural and design marketing, seeks to inform them about Whirlpool innovation before they shop. He works with the people who best understand the customer’s objectives for their living space: architects, and interior, kitchen and bath designers.

“I strive to make sure the home builders and designers are fully informed, and keep our brands top of mind when making appliance decisions with clients,” Mark says. “My customers are true early adopters of our latest innovative products, improving our speed to market.” The approach is working ... driving sales of our built-in appliances and branded suites of products.

Whirlpool created this new-to-the-industry position three years ago to foster dialogue across the industry in the U.S., and to generate pull-through sales when home builders and designers recommend *Whirlpool*, *KitchenAid* and *Gladiator* brand products. Additionally, Mark and his customers utilize innovative tools such as the *KitchenAid* Cook’s Kitchen Tool software, which helps consumers plan their kitchens to fit their needs.



*Employees can now understand the particulars around why microwave color, styling and quality appeal to the North American and European customer. Instead of preaching the importance of visual brand language, we are physically showing employees why quality and good design are essential. — Andrew Yu*



How do you connect employees in Whirlpool Corporation’s Southern China microwave factory with customers half a planet away? How do you instill a sense of importance in their work for driving Whirlpool customer loyalty in Europe and America? Simple, thought Andrew Yu, Whirlpool plant director in Shunde, China ... you take them there.

Andrew had American and European style kitchens built in the factory’s main entrance. In fact, he built three kitchen vignettes, giving his employees the chance to experience first hand the foreign environments ... and providing a solid, visual connection to the *KitchenAid*, *Whirlpool* and *Bauknecht* brands.

“Employees can now understand the particulars around why microwave color, styling and quality appeal to the North American and European customer,” says Andrew. “Instead of preaching the importance of visual brand language, we are physically showing employees why quality and good design are essential. This helps to better connect our workforce with customers halfway around the world they would otherwise never meet.”

Andrew Yu  
Plant Director, Shunde, China  
Whirlpool Asia

The U.S. Constitution includes a Bill of Rights, which establishes the rights, duties and limitations of a governing body — from a citizen’s point of view. A team of people from Whirlpool Corporation’s Customer Experience Center recently adopted the concept to create a Bill of Rights — from a customer’s point of view. This new Customer Bill of Rights is now under development to help guide interactions with customers calling the company or needing service.

Whirlpool Corporation was one of the first U.S. companies to establish a toll-free consumer support line. With ongoing sensitivity to consumer needs in mind, the team used Whirlpool innovation training tools to begin creating a new foundation for meeting customer expectations over the lifetime of their appliances.

“We considered our expectations as customers, and specifically the treatment we’d expect from Whirlpool when calling customer service or during a service visit to our homes,” says Jackie Boyd, customer service advisor. “The Customer Bill of Rights will ensure we’re treating others as we would expect to be treated by Whirlpool.”

When Jackie and team checked their work against company research, they found it aligned perfectly with our efforts to focus employees on customer needs. The Customer Bill of Rights will provide a powerful tool to help guide how consumers are treated and improve their experience with *Whirlpool*, *KitchenAid* and our other brands.

Jackie Boyd, Project Analyst  
Ronda Collier, Manager, Consumer Advocacy  
Greg Ecker, Director, Consumer Care  
Whirlpool North America

**Customer Bill of Rights**

As your customer, I deserve to be treated with "Professionalism"  
I have a right to:

- Engage with a confident, knowledgeable source
- Explain my entire situation without interruption, while being listened to and heard
- Receive genuine, empathetic treatment
- Be given individualized personal care
- Experience courteous, respectful, quality service
- Experience minimal delays
- Clear and ongoing communication of what to expect
- Feel appreciated

As your customer, I deserve a representative that will take "Ownership" of my eXperience by:

- Determining the correct resolution
- Accurately redirecting if necessary
- Providing your name and reassuring assistance and accountability
- Understanding my needs
- Respecting me as a customer
- Following through

As your customer, I deserve to be treated with "Ownership"  
I have a right to:

- State my expectations
- Speak to an employee who appreciates my voice
- Hear an explanation and summarize
- Appeal the resolution
- Receive a timely resolution that strives to accommodate my needs

*We considered our expectations as customers, and specifically the treatment we’d expect from Whirlpool when calling customer service or during a service visit to our homes. — Jackie Boyd*



Ricardo Acosta, Vice President, Customer Service  
Whirlpool Latin America



*How do you ensure customer satisfaction over the lifetime of an appliance purchase and fulfill its brand promise? You turn service into an opportunity to continually improve customer focus and reinforce the brand's reputation. — Ricardo Acosta*

“How do you ensure customer satisfaction over the lifetime of an appliance purchase and fulfill its brand promise? You turn service into an opportunity to continually improve customer focus and reinforce the brand’s reputation,” says Ricardo Acosta, vice president of customer service at Whirlpool Latin America’s Multibrás subsidiary. The Whirlpool Latin America service team seized just such an opportunity when they transformed their department to better focus on keeping customers happy.

The team challenged their organization to cut customer complaints by more than half, from an already low rate of 3.5 percent to 1.5 percent. They engaged their enthusiastic front-line of customer service employees in a series of innovation workshops and action labs, and solicited ideas about improving service from all employees. Lastly,

they implemented a measurement process for all activities — even repairs made by authorized third-party technicians.

While the team worked to improve service, it also faced another challenge — rogue service shops with sub-par quality and expertise, which were misrepresenting themselves as Multibrás-qualified technicians in the marketplace. To resolve this matter, and to restore Multibrás’ reputation for quality service, the team rebranded service partners so customers could readily identify official Multibrás servicers.

As a result, the company’s service market share jumped from 16 percent to 26 percent during 2005. Complaints to the call center dropped from 3.5 percent to 0.6 percent, far exceeding the original goal. Multibrás’ brand promise has been fulfilled, its reputation preserved and its service now ranks 20 percent higher than the nearest competitor.

A front-loading washer from Europe sells in North America ... only if it accommodates large loads. A Brazilian refrigerator appeals to Europeans, but is too costly to export. Multi-functional cooktop accessories launched in Europe also interest Australian consumers. Opportunities abound.



Always seeking value in Whirlpool Corporation's operational capabilities, the trans-regional product management team finds ways to deliver the right products to the right markets in the most profitable and cost-effective way possible.

A global team of people from marketing, product development and project management take advantage of our global manufacturing footprint, technology and regional consumer expertise. Together, they more effectively market Whirlpool innovation globally by tailoring products from one region to another, considering export costs at the idea stage, and utilizing our low-cost manufacturing sites to their full potential.



"The team tailors appliances to meet a variety of region-specific needs ... quickly," says Justin Reinke, manager, Transregional Sales. "With over seven million units managed by the group globally in 2005, worth \$1.4 billion (10 percent of our total volume) ... it's just the beginning."

Annamaria Guidi, Manager, Transregional Sales, Europe  
Justin Reinke, Manager, Transregional Sales, North America  
Andrea Apponi, Manager, Transregional Sales, Latin America

*The team tailors appliances to meet a variety of region-specific needs ... quickly. With over seven million units managed by the group globally in 2005, worth \$1.4 billion (10 percent of our total volume) ... it's just the beginning. — Justin Reinke*



When Whirlpool Mexico begins production at its new refrigerator factory in 2006, the units rolling off the assembly line won't come from a conventional manufacturing site built around operational principles alone. The new factory is a state-of-the-art facility built to manufacture refrigerators of unsurpassed quality.

The leadership team at the factory has used Whirlpool innovation tools to start a unique employee culture focused on quality throughout the plant; one which champions the concept of Whirlpool customer focus from new employee orientation through final product delivery.

“Employees will strive for zero defects through a continuous improvement process based on a series of checks and balances. For example, employees allocated 60 seconds for a specific process will spend the first 15 seconds of this time checking the task of the previous work station, 30 seconds doing their specific activity, and the last 15 seconds reviewing their own work,” says Nelson Possamai, Whirlpool plant director.

Their focus to deliver unprecedented quality, and their passion to get it right from the start, will enable Whirlpool Mexico employees to keep the customer at the heart of all their efforts, and deliver on all of our brands' promises.



*Employees will strive for zero defects through a continuous improvement process ... For example, employees allocated 60 seconds for a specific process will spend the first 15 seconds of this time checking the task of the previous work station, 30 seconds doing their specific activity, and the last 15 seconds reviewing their own work. — Nelson Possamai*

Nelson Possamai, Plant Director, Ramos Arizpe, Mexico  
Whirlpool North America



Whirlpool Latin America completed an intense innovation process with employees, customers and opinion leaders, looking for new opportunities outside the realm of major home appliances. The result is a new branded consumer product, an innovative business model in Brazil, and an extension of our *Brastemp* brand.

The *Brastemp* Water Purifier replaces bottled drinking water by filtering undrinkable tap water. Consumers use the product through a subscription-based business model for regular filter replacement. “The *Brastemp* Water Purifier provides customers with unlimited home filtered water at bottled water costs – ensuring a constant supply of clean and pure water for customers and an ongoing relationship with the *Brastemp* brand,” says Henrique Carneiro, director, new business.

In addition to its success in Brazil, the Water Purifier also offers expansion opportunities into other regions of the world where pure, clean water quality remains a challenge.



*Brastemp* Water Purifier

*Whirlpool Latin America led an intense innovation process soliciting ideas from employees, customers and opinion leaders, looking for new opportunities outside the realm of major home appliances. The result is a new branded consumer product, an innovative business model and an extension of the Brastemp brand. — Henrique Carneiro*



Giancarlo Pallini, New Businesses Manager  
 Henrique Carneiro, New Businesses Director  
 Gustavo Trombini, New Businesses Manager  
 Whirlpool Latin America

Five years ago, Whirlpool launched a new-to-the-industry laundry appliance called the *Personal Valet System*, which removes odors and wrinkles. It was an immediate hit at trade shows and eye-catching on retail floors as a major home appliance. However, looking to expand the reach of product benefits to more consumers, a team of Whirlpool people worked together to create a product that was portable and less expensive than the *Personal Valet System*.

As a result, we unveiled the *Whirlpool Fabric Freshener* in North America and across Europe during 2005. Based on insights from the *Personal Valet System*, the *Fabric Freshener* takes up little space and can be stored under a bed or in a closet. The unit costs a fraction of the *Personal Valet System*'s price and saves customers money from dry cleaning by removing odors and relaxing wrinkles in their clothes

at home. And it has “wow” power, as witnessed during its global launch with demonstrations at Paris’ Charles de Gaulle Airport, a fashion show in Moscow, trade shows in the U.S. and sales-generating infomercials. In addition to receiving an award for styling from the Industrial Design Society of America, *Fabric Freshener* also was featured on ABC’s *Good Morning America* and was given a “Good Buy Award” from *Good Housekeeping* magazine.

“We took innovation one step further by expanding the reach of an existing product category. The *Fabric Freshener* offers more consumers a convenient way to reduce dry cleaning visits,” says Laura Hall, Whirlpool’s manager of new business development, who oversaw the launch of *Fabric Freshener*.

Laura Hall,  
Manager of New Business Development  
Whirlpool North America

Isabella Malnati  
Activity Manager, Fabric Care  
Whirlpool Europe



*We took innovation one step further by expanding the reach of an existing product category. The Fabric Freshener offers more consumers a convenient way to reduce dry cleaning visits. — Laura Hall*

# Worldwide Operations

## Key Brand and Regional Accomplishments

### North America

Completed construction of a new front-load clothes washer plant and a refrigeration plant in Mexico.

Ranked 18<sup>th</sup> among the 100 best corporate citizens by *Business Ethics Magazine*. Whirlpool has been named to the list every year since its inception six years ago.

Received the 2005 American Business Ethics Award from the Society of Financial Service Professionals.

Named one of the “50 Best Employers in Canada” by the *Globe & Mail Report on Business* magazine.

Received an Industrial Design Excellence Award from the Industrial Designers Society of America and a “Good Buy” award from *Good Housekeeping* for the *Whirlpool* Fabric Freshener.

Ranked “Highest in Customer Satisfaction with Dishwashers and Ranges, Cooktops and Ovens” by J.D. Power and Associates 2005 Major Home Appliances Study.<sup>SM</sup> (*KitchenAid*)

Received the first “lifetime achievement” ENERGY STAR<sup>®</sup> *Sustained Excellence / Partner of the Year* Award from the U.S. Department of Energy and the U.S. Environmental Protection Agency; represents our seventh win, a feat unmatched by any other home appliance manufacturer.

Raised over \$3 million for the Susan G. Komen Breast Cancer Foundation since 2001 through their *Cook for the Cure* program presented by *KitchenAid*. In addition to its support in the U.S. and Canada, *KitchenAid* supports breast cancer foundations in France, Germany, South Africa, Greece and Israel.

Named one of “25 Noteworthy Companies for Diversity” by *Diversity Inc. Magazine*.

Announced plans to support every Habitat for Humanity International home built globally through 2011.

Sponsored the 2005 Jimmy Carter Work Project, an annual Habitat for Humanity International initiative. During one week, over 230 homes in Michigan and Canada were built by JCWP volunteers, including 300 Whirlpool employees from around the world.

Donated \$1 million in cash, products and services to Hurricane Katrina relief efforts and continue to work with Habitat for Humanity to build new housing in some of the hardest hit areas.

*Around the world, Whirlpool was recognized for its innovation, design, and socially responsible leadership during 2005.*

### Europe

Inaugurated a new cooking factory in Poland.

DSG International (formerly Dixons), one of Europe’s largest electronics and appliance retailers, signed a four-year agreement making Whirlpool Europe a “Focus Supplier.”

TUV Institute, the renowned German testing organization, awarded the in-home service program of the *Bauknecht* brand its highest marks.

*Pret-à-Porter*, the European version of the *Whirlpool* brand Fabric Freshener, was awarded a special innovation prize at the annual French trade fair, la Foire de Paris.

Blue Touch front-loading washer named the U.K.’s Fabric Care Product of the Year 2006 by *Get Connected Magazine*.

### Latin America

Listed in the *Carta Capital* magazine ranking of “The most admired (companies) in Brazil 2005” — home appliances segment.

Acknowledged for the ninth consecutive year as one of “The Best Companies to Work For” in Brazil by *Guia Exame/Voce S.A.* and as one of “The Best Companies to Work For in Latin America” for the second year in a row.

Recognized as the company with the largest number of refrigerators and freezers to earn the PROCEL Energy Efficiency Label, a Brazilian government energy savings program.

### Asia

Began a partnership with Habitat for Humanity India. Whirlpool also will participate in the Jimmy Carter Work Project in India in 2006.

Whirlpool North America delivered record revenue of \$8.9 billion while successfully managing our way through 30-year highs in raw material costs and oil-related expenses in 2005. Equally significant, we delivered record operating performance while continuing to invest in our strategy to achieve customer loyalty to our brands through, in part, unrivaled product and service innovations.

Strong productivity gains and reduced selling and administrative spending during the year further boosted

cooking performance; and the *KitchenAid* dual fuel range with steam-assist, the world's first freestanding, full-size oven providing consumers with the steam and convection cooking combination usually reserved for professional chefs.

Our operations in Canada and Mexico recorded outstanding results in sales, units and brand market share in 2005. Whirlpool Canada not only is the number one appliance company in Canada, but also ranks as one of the top 50 companies to work for in the country. Whirlpool Mexico,



**Brands:** **United States:** Whirlpool, KitchenAid, Gladiator, Roper, Estate **Mexico:** Whirlpool, Acros, Supermatic, Crolls **Canada:** Inglis, Whirlpool, KitchenAid  
**Headquarters:** Benton Harbor, MI, USA  
**Manufacturing Locations:** **United States:** LaVergne, TN; Findlay, OH; Marion, OH; Greenville, OH; Clyde, OH; Benton Harbor, MI; Evansville, IN; Fort Smith, AR; Tulsa, OK; Oxford, MS **Mexico:** Celaya, Monterrey, Puebla, Ramos Arizpe  
**Principal Products:** Air Purifiers, Automatic Dryers, Automatic Washers, Bakeware, Built-in Ovens, Cooking Gadgets, Cookware, Countertop Appliances, Dehumidifiers, Dishwashers, Fabric Fresheners, Freezers, Garage Storage Organizers, Hot Water Heaters, Ice Makers, Microwave Ovens, Portable Appliances, Ranges, Refrigerators, Room Air Conditioners, Trash Compactors, Water Dispensers  
**W. Timothy Yaggi** Executive Vice President, Market Operations, North America Region

our performance in economic conditions that included low interest rates, as well as buoyant housing starts and sales of existing homes.

Particularly gratifying was the expansion of our North American operating platform, both in the U.S. and Mexico, where we completed a new front-load clothes washer plant in time for an unprecedented launch of new laundry products in early 2006 at the International Builders Show. These breakthrough laundry products deliver increased capacity with improved water and energy conservation. When combined with many other unique products emerging from our innovation pipeline, we expect more than 60 percent of our products in the North American marketplace by the end of 2006 to be new innovations that did not exist in 2005.

We introduced a record number of successful products during 2005, including the *Whirlpool Velos* speed cook appliance, which allows consumers to grill, bake, broil and steam like a traditional oven but with the speed of a microwave; the fast fill refrigerator dispensing system, which provides consumers with programmed high-speed and measured-fill dispensing of water and ice; a completely new line of *Whirlpool Gold* built-in cooking appliances featuring European design and advanced technologies to help improve

meanwhile, recorded record growth and is rapidly becoming a vital cog in our global operating platform as an exporter and importer of our products. At the same time, fully one-third of our appliances sold in Mexico are made in the U.S. thanks to the flexibility we have to source from the lowest cost location.

Beyond our business performance, Whirlpool again was recognized by the U.S. Department of Energy and the U.S. Environmental Protection Agency for our efficient ENERGY STAR® qualified appliances and efforts to reduce greenhouse gas emissions. For our efforts in 2005, Whirlpool was named ENERGY STAR® *Partner of the Year* for the seventh time in 2006, with the distinction of *Sustained Excellence* for being named a *Partner* for three or more consecutive years.

**Outlook**

In 2006, we anticipate an increase in industry shipments of 2-to-3 percent in the U.S. We expect another solid year, with greater success in our customer focus initiatives, thanks to continual launches of innovative appliances and services, and by earning the business of our trade customers to ensure that we remain the number one appliance company in North America.



**Dual Fuel Range with Steam Assist**  
 The *KitchenAid* Dual Fuel Convection Range with Steam Assist is the first full-size, freestanding appliance to offer convection plus steam-assist technology in the U.S. residential market.



**Velos**  
 The *Whirlpool Velos* g2Connect appliance allows consumers to grill, bake, broil and steam like a traditional oven but with the speed of a microwave.



**Fabric Freshener**  
 The *Whirlpool* Fabric Freshener conveniently releases wrinkles and removes odors, while being gentle on a range of fabrics, including wool, silks, rayon, dry clean only, polyester and cotton.

Whirlpool Europe achieved solid performance in 2005, with record revenue of \$3.2 billion, up 3 percent, while managing through significant increases in raw material costs and a somewhat sluggish market environment. Strong productivity, continued focus on customers and selling a richer mix of products drove results.

Our built-in appliance business continues to be strong, with an 11 percent increase in units sold year-over-year and a 45 percent increase in sales since 2002. Our exclusive trade customer relationships with IKEA and Alno (the largest German kitchen manufacturer), as well as a range of innovative products such as our new *Origami* cooktop accessories and the Titanium line of appliances, were the key drivers behind this solid growth.

In addition, new products such as the *Whirlpool Pret-à-Porter* clothes refresher, and entry into the professional product area with our comprehensive professional line, highlighted the strong innovations that we brought to market.

Our strategy to achieve sustainable competitive advantage continues throughout all European manufacturing operations, with the expansion of Lean Manufacturing and Six-Sigma programs driving quality and efficiency. During the year, we continued the expansion of our facility in Wroclaw, Poland, and opened a new cooking factory to produce our new cooktop and oven products.

During 2005, we continued to expand Whirlpool Corporation's partnership with Habitat for Humanity International into continental Europe. Six European Habitat projects have been completed since 2004, and many more are expected in the years ahead. We also developed a relationship with the Women's Tennis Association resulting in the WTA becoming a sponsor of Habitat.

**Outlook**

We expect 2006 to be a strong year for solid sales growth as the launches of innovative products and services are accelerated. Growth of our built-in appliance business,

**Brands:** Whirlpool, KitchenAid, Bauknecht, Ignis, Polar, Laden  
**Operations Center:** Comerio, Italy  
**Manufacturing Locations:** France: Amiens Germany: Neunkirchen, Schorndorf Italy: Naples, Siena, Cassinetta, Trento Poland: Wroclaw Slovakia: Poprad South Africa: Isithebe Sweden: Norrköping  
**Principal Products:** Automatic Dryers, Automatic Washers, Built-in Hobs, Built-in Ovens, Countertop Appliances, Dishwashers, Free-standing Cookers, Freezers, Microwave Ovens, Ranges, Refrigerators

**Marc Bitzer** Executive Vice President and President, Whirlpool Europe



To further expand the growth of our European business, we partnered with the Turkish consumer electronics manufacturer and exporter, Vestel, giving Whirlpool Europe access to one of the world's largest emerging markets. We also were successful in being selected as a "Focus Supplier" by DSG International (formerly Dixons), Europe's largest white goods retailer.

expansion of the *Whirlpool* brand, and significant cost savings from ongoing productivity gains also are expected to contribute to performance improvements. We're especially looking forward to reaping the returns from our significant investment in Poland. Europe as a whole can expect modest growth of 1-to-2 percent in industry shipments.



**Pret-à-Porter**  
 Whirlpool Europe's new clothes refresher and revitalizer *Pret-à-Porter* (known as the Fabric freshener in North America) was launched across Europe to great fanfare.



**Origami Accessories/Range**  
 The new line of innovative *Origami* ranges and accessories was inspired by the latest trends in design and comes in a variety of models of different sizes and finishes.



**Titanium Range**  
 Whirlpool Europe's new Titanium range emphasizes simplicity, minimalism and functional luxury, creating a sense of stylish modern living on both aspirational and emotional levels.

Whirlpool Latin America delivered regional revenue of \$2 billion in 2005, a 17 percent increase from a year earlier, based on continued emphasis of our customer loyalty-based growth strategy, strong brands and innovation.

Our continued efforts to drive growth included the introduction of several new innovative products, including the Personal Lifestyle Appliance (PLA) compact refrigerator, which provides customers with fashionable, individualistic-

Our Brazil-based compressor operation, Embraco, maintained its global market and technological leadership positions. The operation continues to improve its position in the high-margin commercial and high-efficiency refrigeration segments.

In a creative effort to increase customer loyalty based on social responsibility, we auctioned *Consul* refrigerators exclusively designed by famous Brazilian female



**Brands:** Whirlpool, KitchenAid, Brastemp, Consul, Embraco, Eslabón de Lujo  
**Headquarters:** São Paulo, Brazil  
**Manufacturing Locations (Brazil):** Manaus, Rio Claro, Joinville, São Paulo  
**International (Embraco):** Joinville, Brazil; Riva di Chieri, Italy; Spisska Nova Ves, Slovakia; Beijing, China; Apodaca, Mexico; Atlanta, USA.  
**Principal Products:** Automatic Washers, Compressors, Countertop Appliances, Dishwashers, Freezers, Microwave Ovens, Ranges, Refrigerators, Room Air Conditioners, Fabric Dryer

**Paulo F.M.O. Periquito** Executive Vice President and President, Latin America

looking options beyond the concept of uniform home appliances. The *Brastemp* brand also completed its 6<sup>th</sup> *Sense* product line, introducing new dishwashers, hoods and the *Brastemp* Inverse refrigerator, along with a new brand positioning campaign promoting the emotional appeal of our products beyond functionality.

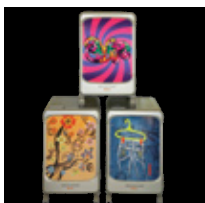
Innovations from our *Consul* brand focused on reinforcing the importance of women in the home decision-making process and are aimed at making their home life easier. During 2005, we introduced the first *Consul* two-door cycle defrost refrigerator with a water dispenser, as well as a new two-door compact refrigerator with frost-free technology. In addition, we introduced three new *Consul* automatic clothes washers that bring exclusive benefits to the consumer, such as Super Jet washing and multifunctional agitators.

During 2005, we continued to be a key contributor to Whirlpool’s global manufacturing network, exporting about 20 percent of our appliance production to Whirlpool markets worldwide. By focusing on operating excellence across our entire supply chain, our regional manufacturing organization was able to exceed its productivity targets for the year.

artists. The auction proceeds went to the Women’s Consulate Institute, a non-profit organization sponsored by Multibrás. The *Consul* brand also launched a limited edition compact version of the refrigerator, which included a donation to the Institute for each unit sold.

**Outlook**

In 2006, we expect continued strength in key markets of the region. We also anticipate continued sales growth, driven by an increase in overall demand, strong brands and innovative product launches. Exports will continue to be a priority for the region, and we expect to continue leveraging our cost and quality position within our global operating platform. Lastly, we foresee improved profitability, based on significant product mix improvements and productivity gains.



**PLA Refrigerator**  
 The *Brastemp* PLA (Personal Lifestyle Appliance) refrigerator, the first product of the limited edition *Brastemp* Collection Line, has an artist designed front panel that can be switched for another simply and quickly.



**Brastemp 6<sup>th</sup> Sense Dishwasher**  
 The *Brastemp* brand completed its line of 6<sup>th</sup> *Sense* products with the introduction of a new dishwasher that automatically adjusts the cycle time for optimal cleaning, power and water efficiency.



**Brastemp Inverse Refrigerator**  
 The *Brastemp* Inverse Refrigerator features inverted freezer and refrigerator compartments, allowing customers to adapt the appliance to their lifestyle.

Whirlpool Asia reported revenues of \$422 million in 2005, up more than 10 percent, along with a significant improvement in operating results. The profitability improvement came as a result of a broadened product mix with the launch of more innovative products and penetrating marketing plans.

Much of the Asian economy maintained strong growth, with China leading at 10 percent GDP growth and India with a 7 percent gain, despite high oil and commodity prices impacting consumer sentiment. For the year, the appliance industry grew by about 4 percent.

Our business in other parts of Asia also continued to make good progress during 2005. Whirlpool Hong Kong turned in one of the best performances in recent history, retaining its leading position in fabric care for the 11<sup>th</sup> consecutive year.

Strong manufacturing and technology infrastructure in India and China continued to play a key role in our global operating platform. Production volume of microwave ovens in our Shunde, China, manufacturing facility reached a historical high of more than 1.85 million units, while our International Procurement Office in Shanghai has

**Brands:** Whirlpool, KitchenAid

**Headquarters:** Shanghai, PRC

**Manufacturing Locations:** India: Faridabad, Pune, Pondicherry China: Shanghai, Shunde

**Principal Products:** Air Conditioners, Automatic Washers, Microwave Ovens, Refrigerators

**Mark Hu** Executive Vice President and President, Whirlpool Asia



In China, several new laundry products were launched to expand business in the high-end segment of the market. We also expanded distribution through third-party franchise stores, which enabled more uniform availability of Whirlpool products across the country. Additionally, we are establishing a presence in the builder channel, with the launch of built-in cooking and other high-end products.

In India, we streamlined our distribution process to make it easier for trade customers to increase their business with us. As a result, this has sharply increased our operating profit in this substantial market and improved our working capital ratios to among the best in the industry.

A series of successful launches in refrigeration and an aggressive drive in fabric care created substantial growth in market share. Several innovative product launches, such as the IceBerg frost-free refrigerator and the Genius direct-cool refrigerator, led to significant improvements in average sales value and market share.

become a source of competitive advantage for our global sourcing strategy. Asia also continued to grow as a source of engineering and design talent for our global operating capabilities.

### Outlook

In 2006, we expect strong revenue growth as we introduce more innovative products to meet the growing and more discerning needs of the market. Exports will become a higher priority for the region, as we leverage our technology and manufacturing costs to benefit Asia and the rest of the world. Lastly, we anticipate profit improvement as we continue to focus on productivity and leveraging our sales growth to improve our operating margins, as well as product and sales-channel mix.



#### Genius

The newly launched Genius direct-cool refrigerator has more capacity than standard models, a door open alarm and a pedestal for storing non-refrigerated vegetables.



#### IceBerg

The IceBerg frost-free refrigerator is Whirlpool brand's latest entry in the highly competitive Indian refrigerator market.



#### 6th Sense Dryer

Large capacity condenser dryer captures a new drying concept for the Asian market.

Long before the world began focusing on corporate governance and social responsibility as important parts of business and society, Whirlpool Corporation was conducting business with integrity and extending a helping hand to people in times of need. Why? Because for us, this approach has always been the right thing to do.

Throughout the years, Whirlpool has built a culture based on living up to our commitments to stakeholders and quietly working behind the scenes to strengthen the economic and social fabric of the communities in which we operate.

Our goal is to be known, trusted and respected as one of the world's top corporate citizens. To do that requires strong financial and ethical performance based firmly on the principle that "there's no right way to do a wrong thing."

In 2005, as in the prior year, we achieved compliance under Section 404 of the Sarbanes-Oxley (SOX) Act and had no material weaknesses. That's because we had a mature, thoughtful financial control process in place long before SOX came along. At Whirlpool, SOX isn't about completing a separate series of steps to comply with the law; it's about embedding our effective business controls in everything we do, day in and day out.

Since we began business in 1911, our heritage has been based upon sound internal controls and accurate financial reporting, and they will remain highly valued and critical to the company's ongoing success. Through our established accounting control standards and procedures, we seek to ensure all corporate assets are protected and properly used, and financial records are accurate and reliable. In addition, we have well-established policies governing the receipt of money and processing of payments to comply with money-laundering prevention laws. Our employees

share the responsibility for maintaining and complying with required internal controls and ensuring that our assets are not misused.

Our code of ethics requires every employee to act responsibly and maintain the highest levels of personal, business and legal conduct. That means walking away from a business agreement rather than compromising our standards. Our long-standing reputation for quality, excellence and integrity demands that we make the correct choice in all cases.

Ethical conduct has no boundaries and applies to all Whirlpool employees worldwide. Since 1993, Whirlpool has provided employees with a confidential "hotline" to report ethical issues outside normal business channels and relationships. If an employee becomes aware of an ethical issue, he or she has a responsibility to report it.

Our high levels of financial accountability and business ethics were recognized this year by several third-party organizations. In January 2005, *Global Finance Magazine* included Whirlpool on its list of the World's Most Socially Responsible companies. The Society of Financial Service Professionals awarded us its 2005 American Business Ethics Award, and *Business Ethics Magazine* named us to its list of best corporate citizens, as it has every year since 1999, ranking the company 18<sup>th</sup> out of the 100 companies included in the list.

*We had a mature, thoughtful financial control process in place long before Sarbanes-Oxley (SOX) came along. At Whirlpool, SOX isn't about completing a separate series of steps to comply with the law; it's about embedding our effective business controls in everything we do, day in and day out. — Roy W. Templin*



Roy W. Templin, Chief Financial Officer  
Whirlpool Corporation



# Financial Summary

*The following is a summary of the Company's financial condition and results of operations for 2005 and 2004. For a more complete understanding of the Company's financial condition and results, this summary should be read together with the Company's Consolidated Financial Statements and related notes, and the "Management's Discussion and Analysis." This information appears in the Financial Supplement to the Company's Proxy Statement mailed with this Annual Report and in the Financial Supplement to the 2005 Annual Report on Form 10-K filed with the Securities and Exchange Commission, both of which are also available through the Internet at [www.whirlpoolcorp.com](http://www.whirlpoolcorp.com).*

## Executive Level Overview

Whirlpool Corporation is a global manufacturer of major home appliances with 2005 revenues of \$14.3 billion and net earnings of \$422 million. The Company's four reportable segments are based on geography and consist of North America (61% of revenue), Europe (22% of revenue), Latin America (14% of revenue), and Asia (3% of revenue). The Company is a leading producer of major home appliances in North America and Latin America and has a significant presence in markets throughout Europe, India and China. Whirlpool received worldwide recognition for accomplishments in a variety of business and social efforts, including leadership, diversity, innovative product design, business ethics, social responsibility and community involvement.

## Overall Results of Operations

**Net Sales** The total number of units, which includes primarily major and small appliances, sold in 2005 increased 1.3% over 2004. Consolidated net sales increased 8.3% over 2004. Excluding currency fluctuations, net sales increased approximately 6%. Total number of units sold in 2004 increased 4.9% over 2003. Consolidated 2004 net sales increased 8.6% over 2003. Excluding currency fluctuations, net sales increased approximately 6%.

Significant regional trends were as follows:

- In 2005, North America unit volumes increased approximately 1%, as compared to the 2004 period, reaching record levels. Volume increases, driven by continued consumer demand for the Company's new product innovations, were partially offset by lower OEM shipments. Net sales increased 8% during 2005, or approximately 7% excluding currency fluctuations, to a record \$8.9 billion. The higher net sales were driven by the combination of cost-based price adjustments and volume increases in the *Whirlpool* and *KitchenAid* brands during 2005. In 2004, North America unit volumes increased 4.6% as compared to 2003, due to higher sales growth in *Whirlpool* and *KitchenAid* branded products combined with strong Canadian performance. Net sales increased 4.8% as compared to 2003, to \$8.3 billion. Currency fluctuations did not materially impact net sales comparisons.
- In 2005, Europe unit volumes increased 2.1%, reaching record levels and outpacing industry growth. Solid demand for *Whirlpool* branded products and continued strong performance within the Company's built-in appliance business drove the increase. Net sales increased 3.2% to a record \$3.2 billion in 2005. Currency did not have a material impact on sales during the year. In 2004, Europe unit volumes increased 4.4%, ahead of industry growth, as compared to 2003, driven largely by strong *Whirlpool* brand performance and expansion of the Company's built-in appliance business. Europe's net sales increased 13.8%, or approximately 3% excluding currency fluctuations. Overall market share improved due to *Whirlpool* brand performance and new product introductions.
- In 2005, Latin America unit volumes increased 1.5% versus 2004, due mainly to increases in the Brazilian appliance market. Net sales increased 17.2% as compared to 2004, or approximately 6% excluding currency fluctuations, to \$2.0 billion, due primarily to increased unit volumes and cost-based price adjustments on compressors and appliances. Strong demand for home appliances in Latin America during 2004 resulted in a 14.9% increase in unit volumes versus 2003. Economic conditions within Brazil were strong during 2004, driven by GDP expansion, lower unemployment and positive real wage growth. Net sales increased 24% in the region during 2004, and were approximately 20% higher excluding currency fluctuations, due to market share gains, strong volume, cost-based price adjustments and favorable product mix.
- In 2005, Asia unit volumes increased 3.1% as compared to 2004, driven mainly by industry growth and new product introductions. Net sales improved 10.5%, or approximately 8% excluding currency fluctuations, due largely to an improved product mix and cost-based price adjustments implemented in 2005. In 2004, Asia unit volumes declined 8.6% versus 2003, with a corresponding decline in net sales of 8.2%. Excluding currency fluctuations, net sales declined approximately 12%. Management's decision to implement a trade inventory reduction strategy in India negatively impacted 2004 volume and sales. The strategy change improves the speed, flexibility and overall efficiency within sales and distribution processes, and enables the Company to launch new product introductions more frequently and faster to the market.

## Financial Summary

**Gross Margin** The consolidated gross margin percentage in 2005 decreased 40 basis points versus 2004. Consolidated results in 2005 were significantly impacted by higher material and oil-related cost increases, which were mitigated by the combination of cost-based price adjustments and productivity improvements. Consolidated gross margin also benefited from the Brazilian government's export incentive program ("Beflex") tax credits and was negatively impacted by higher incentive compensation.

The consolidated gross margin percentage in 2004 decreased 90 basis points versus 2003, due primarily to second half material cost increases and global pricing pressures. These increases were partly mitigated by higher volume and record levels of controllable productivity.

Significant regional trends were as follows:

- The 2005 North America gross margin decreased 80 basis points as compared to 2004, largely due to higher material and oil-related costs. Results also reflect the impact of cost-based price adjustments, productivity improvements and higher incentive compensation. The 2004 gross margin decreased 70 basis points compared to 2003, due primarily to higher material costs for steel and resins. In addition, the market continued to experience increased pricing pressures during 2004. Margin declines were partially offset by higher volume, productivity improvements and some cost-based price adjustments.
- The 2005 Europe gross margin decreased 70 basis points as compared to 2004, largely driven by higher material and oil-related costs, partially offset by increased productivity, an improved product mix and, to a lesser extent, a gain on the sale of assets. In 2004, Europe gross margin improved slightly versus 2003 as productivity improvements and sales volume more than offset pricing pressure. European operations continue to realize savings from ongoing restructuring efforts in Europe.
- The 2005 Latin America gross margin increased 250 basis points as compared to 2004, as the combination of cost-based price adjustments, increased productivity and Beflex tax credits more than offset higher material and oil-related costs, unfavorable currency, and increased incentive compensation. In 2004, Latin America gross margin declined 260 basis points versus 2003, due primarily to higher material costs for steel and resins. Higher costs were partially offset by increased volume and cost-based price adjustments on both appliances and compressors and favorable product mix.
- The 2005 Asia gross margin increased 40 basis points as compared to 2004, due to improved product mix, productivity improvements and cost-based price adjustments that were partially offset by higher material and oil-related costs. Asia gross margin declined 380 basis points versus 2003, due primarily to the trade inventory reduction strategy in India and regional pricing pressures.

**Selling, General and Administrative** In 2005, consolidated selling, general and administrative expenses, as a percent of consolidated net sales, declined 50 basis points as compared to 2004, as administrative cost reductions and scale efficiencies offset higher freight and warehousing costs and incentive compensation in North America and Latin America. Europe results primarily reflect the positive impact from administrative productivity improvements and business scale. The Asia region also benefited from scale efficiencies. The consolidated selling, general and administrative expenses in 2004, as a percent of consolidated net sales, remained relatively unchanged versus 2003. Higher freight rates in North and Latin America in 2004 were partially offset by productivity in other non-logistic areas. Europe results reflect the positive impact from administrative productivity improvements and business scale. The increase in Asia's selling, general and administrative expenses as a percent of sales in 2004 was due primarily to lower overall sales and higher administrative support costs. In 2003, higher pension and freight costs in North America were partially offset by cost controls on discretionary spending. The European increase in 2003 was a result of expense reclassification into selling, general and administrative expenses, while Latin America's improvement was primarily driven by lower bad debt expense in 2003. Asia's higher selling, general and administrative expenses as a percent of sales in 2003 were due to higher operating reserves.

**Restructuring** Restructuring initiatives resulted in charges of \$57 million, \$15 million and \$3 million in 2005, 2004 and 2003, respectively. These amounts have been identified as a separate component of operating profit. The Company expects to expense up to \$100 million for restructuring during 2006.

At December 31, 2005, a liability of \$6 million remains for actions yet to be completed under the global restructuring plan that was originally announced in December of 2000. The remaining liability pertains to lease exit costs. The restructuring plan included the elimination of over 7,100 positions worldwide, of which substantially all had left the Company through December 31, 2005.

**Interest and Sundry Income/Expense** Interest and sundry expense increased by \$51 million versus 2004. The primary drivers of this increase were an increase in legal reserves of approximately \$21 million, higher foreign currency losses on balance sheet positions, the absence of prior year interest received on foreign tax audit settlements in Latin America and a \$9 million gain on the sale of a partial interest in an equity investment during 2004. Interest and sundry expense for 2004 decreased \$27 million compared to 2003. The improvement was primarily attributable to lower losses of \$17 million on foreign currency balance sheet positions, primarily in Europe, and a \$9 million gain on the sale of a partial interest in an equity investment in Latin America.

**Interest Expense** Interest expense in 2005 increased \$2 million as compared to 2004. The increase was due primarily to higher interest rates and a shift in global borrowing positions. The primary impact was in Brazil, which experienced both increased borrowing levels and higher interest rates on a year-over-year basis. The interest expense reduction during 2004 of \$9 million was attributable to a lower overall U.S. interest rate environment, a decrease in borrowings in countries with higher interest rates, primarily Europe, and maturity of the \$200 million 9% Debentures in March 2003, which was replaced with lower rate debt.

**Income Taxes** The effective income tax rate was 28.6% in 2005, 33.9% in 2004 and 35.0% in 2003. A primary driver of the effective tax rate reduction during 2005 was the realization of foreign tax credits associated with a comprehensive plan that simplified the Company's legal structure, thereby permitting the tax-efficient repatriation of offshore cash via foreign tax credits. Additional items impacting the effective tax rate during all periods presented included the settlement of global tax audits and the overall dispersion of global income.

**Equity in Earnings (Loss) of Affiliated Companies and Minority Interests** Changes in equity in earnings (loss) of affiliated companies and minority interests reflect higher earnings in Latin America and India in 2005 and lower earnings in Latin America and India during 2004.

**Net Earnings** Net earnings were \$422 million in 2005 versus \$406 million and \$414 million in 2004 and 2003, respectively. 2005 earnings were impacted by cost-based price adjustments, productivity improvements, administrative cost controls and a reduction in the effective tax rate. These items were partially offset by significantly higher material costs (particularly steel and resins), unfavorable currency fluctuations, increased incentive compensation expense, higher restructuring spending and increased legal reserves. 2004 earnings were significantly impacted by increases in material and logistics costs, particularly in the second half of the year. The higher costs in 2004 were partially offset by productivity improvements, lower foreign currency losses on balance sheet positions, an effective tax rate reduction, lower financing costs and reduced minority interest earnings.

**Forward-Looking Perspective** During 2005, the Company incurred approximately \$530 million of higher material and oil-related costs. In response to these increases, the Company introduced new innovative products, improved productivity, reduced discretionary costs and implemented global cost-based price adjustments in key regions around the world. The combination of these actions contributed to the ability of the Company to deliver a record year of results.

The Company expects positive earnings momentum to continue during 2006. New product introductions, productivity improvements, continued expansion of the Company's global operating platform and strong cost controls are expected to more than offset continued increases in material and oil-related costs.

In 2006, the Company will launch the largest number of new products to market in its history. The Company's innovation product pipeline continues to grow, consumer and trade response to its new offerings has been positive, and the Company continues to consistently execute its strategy of delivering consumer-relevant innovation to markets worldwide.

North America and Europe, the Company's two largest segments, expect 2006 industry growth of approximately 2 to 3% and 1 to 2%, respectively.

Macro-economic conditions in Latin America are expected to remain positive during 2006, and the Company expects industry shipments to increase 6 to 8%.

The Company expects industry shipments within Asia to increase 5 to 7% in 2006.

In December 1996, Multibrás and Empresa Brasileira de Compressores S.A. ("Embraco"), Brazilian subsidiaries, were granted additional export incentives in connection with Beflex. These incentives allowed the use of credits as an offset against current Brazilian federal excise tax on domestic sales. During the fourth quarter of 2005, the Company recognized \$23 million in export credits. The Company recognized no credits in 2004 and credits of \$5 million in 2003. The credits are treated as a reduction of current excise taxes payable and, therefore, as an increase in net sales. At December 31, 2005, the Company's remaining credits are approximately \$600 million after adjusting for currency fluctuations and a monetary adjustment. Currently, the Company is unable to recognize these credits but is exploring possible strategies which may permit future recognition of these credits.

# Financial Summary

## Cash Flows

The Consolidated Condensed Statements of Cash Flows reflect the changes in cash and equivalents for the last three years by classifying transactions into three major categories: operating, investing and financing activities.

**Operating Activities** The Company's main source of liquidity is cash generated from operating activities, consisting of net earnings adjusted for non-cash operating items, such as depreciation, and changes in operating assets and liabilities such as receivables, inventories and payables.

The Company's cash provided by operating activities in 2005 increased \$87 million over 2004. Cash provided by operating activities benefited from lower inventories, reduced pension contributions, and higher accrued expenses for payroll, incentive compensation, restructuring and promotional spending. Results were partially offset by higher accounts receivable balances due mainly to higher sales and lower payables, primarily a result of lower inventory levels. Cash flow was also negatively impacted by a decrease in net taxes payable of \$105 million, due, in part, to a reduction in tax expense. In 2004, cash provided by operating activities benefited from lower after-tax pension contributions of approximately \$62 million and lower restructuring spending of approximately \$56 million. In 2004, cash flow was negatively impacted by higher working capital requirements of about \$70 million, driven largely by material cost increases and higher inventory levels to support higher volumes and increased trans-regional shipments. In 2003, cash provided by operating activities benefited from higher earnings, primarily within our European and North American business segments, as well as continued improvement in working capital management. Cash flow was negatively impacted by a voluntary after-tax pension contribution to the Company's U.S. pension plans of \$97 million. The 2003 cash flow was also negatively impacted by restructuring spending, primarily related to 2002 projects, as well as the timing of promotional payments.

The Company's free cash flow was \$412 million versus \$241 million for the years ended December 31, 2005 and 2004, respectively.

The table that follows reconciles cash provided by operating activities determined in accordance with accounting principles generally accepted in the U.S. ("GAAP") to free cash flow, a non-GAAP measure. Management believes that free cash flow provides both management and shareholders with a relevant measure of liquidity and a useful basis for assessing the Company's ability to fund its activities and obligations. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures but whose calculations may differ from the Company's calculations. As defined by the Company, free cash flow is cash provided by operating activities after capital expenditures,

proceeds from the sale of business/assets and dividends paid. The following is a reconciliation of cash provided by operating activities to free cash flow.

Year Ended December 31 (millions of dollars)	2005	2004
Cash provided by operating activities	\$ 881	\$ 794
Capital expenditures	(494)	(511)
Proceeds from sale of business / assets	141	74
Dividends paid	(116)	(116)
Free cash flow	\$ 412	\$ 241

Beginning in 2006, the Company will exclude dividends paid from the definition of free cash flow.

**Investing Activities** The principal recurring investing activities are property additions, which were \$494 million, \$511 million and \$423 million in 2005, 2004 and 2003, respectively. These expenditures are primarily for equipment and tooling, driven by product innovation initiatives, more efficient production methods, and replacement for normal wear and tear. Expenditures are also made to support the Company's global operating platform footprint moves to lower cost locations and replacement, regulatory and infrastructure changes.

In each of 2005, 2004 and 2003, Whirlpool entered into separate sale-leaseback transactions whereby the Company sold and leased back certain of its owned properties. Proceeds related to the sale-leaseback of four properties in 2005, net of related fees, were approximately \$67 million. In 2004, proceeds related to sale-leasebacks of six properties, net of related fees, were approximately \$66 million. In 2003, proceeds related to the sale-leaseback of four properties, net of related fees, were approximately \$65 million.

Cash proceeds of \$48 million resulted from the sale of a non-core business in Latin America during 2005.

Cash paid in 2005 in connection with the proposed Maytag acquisition totaled \$77 million, primarily consisting of \$40 million to reimburse Maytag for its payment of a fee to terminate its prior merger agreement with Triton Acquisition Holding Co. and \$37 million in professional fees incurred in connection with the proposed acquisition. These costs have been capitalized and are recognized in the other assets line within the Company's Consolidated Condensed Balance Sheets. If consummation of the transaction does not occur, the costs will be reclassified as expense.

On November 18, 2002, the Company acquired the remaining 20% interest in Whirlpool Narcissus Shanghai Company Limited ("Narcissus") for \$9 million. Subsequent to the purchase, Narcissus was renamed Whirlpool Home Appliance (Shanghai) Co. Ltd. In accordance with the purchase agreement, 40% of the purchase price was paid during 2002, 40% was paid during 2003 and the remaining 20% was paid during 2004.

**Financing Activities** Total repayments of short-term and long-term debt, net of new borrowings, were \$131 million, \$58 million and \$208 million in 2005, 2004 and 2003, respectively.

During March 2003, the Company redeemed its \$200 million 9% Debentures using short-term notes payable.

Dividends paid to stockholders totaled \$116 million, \$116 million and \$94 million in 2005, 2004 and 2003, respectively.

Under its stock repurchase programs, Whirlpool used \$34 million, \$251 million and \$65 million to purchase approximately 0.5 million, 3.7 million and 1 million shares of common stock in 2005, 2004 and 2003, respectively.

The Company also redeemed \$33 million in preferred stock of its discontinued finance company, Whirlpool Financial Corporation, in 2003.

Whirlpool received proceeds of \$102 million in 2005, \$64 million in 2004 and \$65 million in 2003 related to the exercise of Company stock options.

## Financial Condition and Liquidity

The Company's objective is to finance its business through an appropriate mix of long-term and short-term debt. By diversifying its maturity structure, the Company avoids concentrations of debt, reducing liquidity risk. Whirlpool has varying needs for short-term working capital financing as a result of the nature of its business. The volume and timing of refrigeration and air conditioning production impact the Company's cash flows, with increased production in the first half of the year to meet increased demand in the summer months. The Company finances its working capital needs primarily through the commercial paper markets in the U.S., Europe and Canada. These commercial paper programs are supported by committed bank lines. In addition, outside the U.S., short-term funding is also provided by bank borrowings on uncommitted lines. The Company has access to long-term funding in the U.S., European and other public bond markets.

The Company's financial position remains strong. At December 31, 2005 and 2004, the Company's total assets were \$8.2 billion. Stockholders' equity increased from \$1.6 billion at the end of 2004 to \$1.7 billion at the end of 2005. The increase in equity is primarily attributed to net earnings retention and proceeds received from the exercise of stock options. These increases were offset by decreases in equity due to minimum pension liability adjustments and share repurchases.

The Company's overall debt levels have decreased since 2004. Cash flows from operations and proceeds from sales of assets/businesses have been used to repay debt, fund capital expenditures and pay dividends.

On December 2, 2005, the Company entered into an Amended and Restated Long Term Five-Year Credit Agreement (the "Amended and Restated Credit Agreement") by and among the Company, certain other borrowers, the lenders referred to therein, Citibank N.A., as administrative agent and fronting agent, J.P. Morgan Chase

Bank, N.A., as syndication agent, and ABN Amro Bank N.V., Royal Bank of Scotland and Bank of America, as documentation agents, which amends and restates the Amended and Restated Long Term Credit Agreement dated as of May 28, 2004. On December 2, 2005, the parties to the Amended and Restated Credit Agreement also entered into a 364-Day Credit Agreement (the "364-Day Credit Agreement" and together with the Amended and Restated Credit Agreement, the "Credit Facilities"). Additional information can be obtained in the Financial Supplement to the Company's Proxy Statement and in the Financial Supplement to the 2005 Annual Report on Form 10-K for the year ended December 31, 2005.

On February 7, 2006, the Company filed a shelf registration statement with the U.S. Securities and Exchange Commission ("SEC") relating to an indeterminate amount of Debt Securities.

In August 2005, in connection with its proposed acquisition of Maytag, Whirlpool was placed on credit watch with negative implications by Standard & Poor's, Moody's Investors Service and Fitch Ratings. No action has been taken by any of the rating agencies concerning the Company's rating, and action, if any, would be taken after the acquisition of Maytag. The Company does not anticipate that any future adjustments to these ratings would have a material impact on its liquidity. The Company's short-term credit rating has been confirmed, and, accordingly, availability of the commercial paper markets remains unchanged.

The Company's Eurobonds of EUR 300 million principal amount will mature in June 2006. The Eurobonds U.S. dollar value at December 31, 2005 was \$357 million. The Company anticipates replacing the Eurobonds with a domestic bond offering and commercial paper.

On December 12, 2005, the Company announced that it invested \$250 million in its North American manufacturing base during 2005. In the last 12 months, the Company has made improvements to its washer and dryer facilities in Ohio, began production of formed door refrigerators in Fort Smith, Arkansas, and began production of a new clothes washer plant in Monterrey, Mexico. In addition, the Company has completed the construction of a refrigerator plant in Ramos Arizpe, Mexico, that will begin producing refrigerators later in 2006. These investments continue the Company's ongoing effort to expand its innovation capability and optimize its global operating platform.

## Pending Maytag Acquisition

On August 22, 2005, Whirlpool entered into a definitive merger agreement with Maytag to acquire all outstanding shares of Maytag common stock. The aggregate transaction value, including the payment to Maytag stockholders of approximately \$850 million in cash, and between 9.2 million and 11.3 million shares of Whirlpool common stock, and assumption of approximately \$972 million of Maytag debt (based on Maytag stock, exercisable stock options and debt reported outstanding as of December 31, 2005), is approximately \$2.7 billion. The number of shares of Whirlpool

## Financial Summary

common stock to be issued will depend on the volume weighted average trading prices of Whirlpool common stock during a twenty trading day period ending shortly before completion of the merger. The transaction was approved by Maytag shareholders on December 22, 2005, and is pending regulatory clearance as discussed below.

Whirlpool has sufficient resources to finance the acquisition. The acquisition and upcoming debt maturities of the combined company are expected to be financed initially through commercial paper supported by existing bank agreements and with new committed bank facilities. The Company expects to eventually refinance a portion of its commercial paper in the capital markets.

Whirlpool currently expects the merger with Maytag to generate approximately \$300 million to \$400 million of annual pre-tax cost savings by the third year following completion of the merger. Efficiencies are expected to come from all areas across the value chain, including product manufacturing and marketing, global procurement, logistics, infrastructure and support areas. Achieving these efficiencies will require one-time costs and capital investments currently estimated to be in the range of \$350 million to \$500 million, a majority of which currently are anticipated to be capitalized or accrued in purchase accounting. Whirlpool currently anticipates incurring these costs during the first two years following completion of the merger.

The merger is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act, and other customary closing conditions. On December 1, 2005, Whirlpool and Maytag announced that they had certified substantial compliance with the Antitrust Division of the Department of Justice in response to a request for additional information (“second request”) and had agreed not to close the proposed merger before February 27, 2006, without the Antitrust Division’s concurrence, recognizing that the Antitrust Division could request additional time for review. On February 13, 2006, Whirlpool and Maytag announced that they agreed with the Antitrust Division to a limited extension of time to complete the review of the proposed merger. The companies have agreed not to close the transaction before March 30, 2006, without the Antitrust Division’s concurrence.

Whirlpool and Maytag are working closely with the Department of Justice and continue to cooperate fully with its investigation and respond promptly to its inquiries.

On August 22, 2005, Whirlpool paid Maytag \$40 million to reimburse Maytag for its payment of a fee to terminate its prior merger agreement with Triton Acquisition Holding Co. Whirlpool has agreed to pay up to \$15 million to assist Maytag in retaining key employees while the merger is pending. Whirlpool also has agreed to pay Maytag a “reverse break-up fee” of \$120 million under certain circumstances if the transaction cannot be closed due to an inability to obtain regulatory clearance.

## Other Matters

Whirlpool contributed approximately \$15 million to its U.S. pension plans during 2005, of which \$13 million was a voluntary contribution to its funded plans and \$2 million was required. The Company also contributed \$25 million to its foreign pension plans during 2005. At December 31, 2005, the Company’s defined benefit pension plans still remain underfunded on a combined basis.

The Company recognized consolidated pre-tax pension cost of \$94 million, \$91 million and \$78 million in 2005, 2004 and 2003, respectively. Consolidated pension cost in 2006 is anticipated to be approximately \$95 million, relatively unchanged from 2005. The Company currently expects that U.S. pension costs for 2006 will be approximately \$72 million, using an expected rate of return on assets assumption of 8.5% and a discount rate of 5.6%. The \$72 million compares to pension cost of \$66 million in 2005.

On November 14, 2005, the Company amended the Whirlpool Employees Pension Plan (“WEPP”). The amendment will be reflected in the Company’s 2006 pension cost and did not affect the accumulated benefit obligation (the “ABO”) or projected benefit obligation (the “PBO”) at December 31, 2005.

In January 2005, the Company amended the WEPP. The Company remeasured the net periodic cost and funded status of the plan at January 1, 2005, to reflect the amendment. The amendment reduced the PBO by approximately \$80 million. The ABO was not affected by the amendment since the accrued benefits as of December 31, 2005, were not affected by this change.

The Company is involved in various legal actions arising in the normal course of business. Management, after considering legal counsel’s evaluation of such actions, is of the opinion that the outcome of these matters will not have a material adverse effect on the Company’s financial position or results of operations.

## Market Risk

The Company is exposed to market risk from changes in foreign currency exchange rates, domestic and foreign interest rates, and commodity prices, which can affect the Company’s operating results and overall financial condition. Whirlpool manages its exposure to these market risks through its operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Derivative financial instruments are viewed as risk management tools and are not used for speculation or for trading purposes. Derivative financial instruments are contracted with a diversified group of investment grade counterparties to reduce exposure to nonperformance on such instruments. The Company’s sensitivity analysis reflects the effects of changes in market risk.

Whirlpool uses foreign currency forward contracts, currency options and currency swaps to hedge the price risk associated with firmly committed and forecasted cross-border payments and receipts related to its ongoing business and operational financing activities. Foreign currency contracts are sensitive to changes in foreign currency exchange rates.

# Consolidated Condensed Statements of Operations

Year Ended December 31 (millions of dollars except per share data)

	2005	2004	2003
<b>Net sales</b>	<b>\$ 14,317</b>	<b>\$ 13,220</b>	<b>\$ 12,176</b>
<b>Expenses</b>			
Cost of products sold	11,269	10,358	9,423
Selling, general and administrative	2,199	2,089	1,920
Restructuring costs	57	15	3
Operating profit	792	758	830
<b>Other income (expense)</b>			
Interest and sundry income (expense)	(65)	(14)	(41)
Interest expense	(130)	(128)	(137)
Earnings before income taxes and other items	597	616	652
Income taxes	171	209	228
Earnings before equity earnings and minority interests	426	407	424
Equity in income (loss) of affiliated companies	1	(1)	–
Minority interests	(5)	–	(10)
Net earnings	\$ 422	\$ 406	\$ 414
<b>Per share of common stock:</b>			
Basic net earnings	\$ 6.30	\$ 6.02	\$ 6.03
Diluted net earnings	\$ 6.19	\$ 5.90	\$ 5.91
Dividends	\$ 1.72	\$ 1.72	\$ 1.36
<b>Weighted-average shares outstanding (millions):</b>			
Basic	67.1	67.4	68.7
Diluted	68.3	68.9	70.1

# Consolidated Condensed Balance Sheets

# Assets

Year Ended December 31 (millions of dollars)

2005

2004

## Current assets

Cash and equivalents	\$ 524	\$ 243
Trade receivables, less allowances (2005: \$76; 2004: \$107)	2,081	2,032
Inventories	1,591	1,701
Prepaid expenses	95	74
Deferred income taxes	134	189
Other current assets	285	275
<b>Total Current Assets</b>	<b>4,710</b>	<b>4,514</b>

## Other assets

Investment in affiliated companies	28	16
Goodwill	169	168
Other intangibles, net	115	108
Deferred income taxes	472	323
Prepaid pension costs	–	329
Other assets	243	140
	<b>1,027</b>	<b>1,084</b>

## Property, plant and equipment

Land	80	91
Buildings	1,033	1,073
Machinery and equipment	6,108	5,933
Accumulated depreciation	(4,710)	(4,514)
	<b>2,511</b>	<b>2,583</b>
<b>Total Assets</b>	<b>\$ 8,248</b>	<b>\$ 8,181</b>



## Liabilities and Stockholders' Equity

Year Ended December 31 ( <i>millions of dollars</i> )	2005	2004
<b>Current liabilities</b>		
Notes payable	\$ 131	\$ 244
Accounts payable	2,330	2,297
Employee compensation	352	300
Deferred income taxes	61	57
Accrued expenses	880	811
Restructuring costs	19	13
Income taxes	18	110
Other current liabilities	145	146
Current maturities of long-term debt	365	7
<b>Total Current Liabilities</b>	<b>4,301</b>	<b>3,985</b>
<b>Other liabilities</b>		
Deferred income taxes	167	240
Pension benefits	467	367
Post-employment benefits	511	499
Other liabilities	220	256
Long-term debt	745	1,160
	<b>2,110</b>	<b>2,522</b>
<b>Minority interests</b>	<b>92</b>	<b>68</b>
<b>Stockholders' equity</b>		
Common stock, \$1 par value:	92	90
Shares authorized – 250 million		
Shares issued – 92 million (2005); 90 million (2004)		
Shares outstanding – 68 million (2005); 67 million (2004)		
Paid-in capital	863	737
Retained earnings	2,902	2,596
Accumulated other comprehensive loss	(862)	(601)
Treasury stock – 24 million shares (2005); 23 million shares (2004)	(1,250)	(1,216)
<b>Total Stockholders' Equity</b>	<b>1,745</b>	<b>1,606</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 8,248</b>	<b>\$ 8,181</b>

# Consolidated Condensed Statements of Cash Flows

Year Ended December 31 ( <i>millions of dollars</i> )	2005	2004	2003
<b>Operating activities</b>			
Net earnings	\$ 422	\$ 406	\$ 414
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Equity in (earnings) losses of affiliated companies, less dividends received	(1)	1	–
(Gain) loss on disposition of assets	(39)	(7)	6
Gain on disposition of business	(9)	–	–
Depreciation and amortization	442	445	427
Changes in assets and liabilities, net of business acquisitions:			
Trade receivables	(173)	(16)	4
Inventories	37	(266)	(127)
Accounts payable	87	253	163
Restructuring charges, net of cash paid	8	(33)	(89)
Taxes deferred and payable, net	(105)	(18)	55
Accrued pension	47	6	(109)
Accrued payroll and other compensation	79	(23)	24
Other - net	86	46	(24)
<b>Cash Provided by Operating Activities</b>	<b>\$ 881</b>	<b>\$ 794</b>	<b>\$ 744</b>
<b>Investing activities</b>			
Capital expenditures	\$ (494)	\$ (511)	\$ (423)
Proceeds from sale of assets	93	74	75
Proceeds from sale of business	48	–	–
Acquisitions of businesses, less cash acquired	(77)	(2)	(4)
<b>Cash Used for Investing Activities</b>	<b>\$ (430)</b>	<b>\$ (439)</b>	<b>\$ (352)</b>
<b>Financing activities</b>			
Net (repayments) proceeds of short-term borrowings	\$ (124)	\$ (37)	\$ 7
Proceeds of long-term debt	–	–	6
Repayments of long-term debt	(7)	(21)	(221)
Dividends paid	(116)	(116)	(94)
Purchase of treasury stock	(34)	(251)	(65)
Redemption of WFC preferred stock	–	–	(33)
Common stock issued under stock plans	102	64	65
Other	12	3	(10)
<b>Cash Used for Financing Activities</b>	<b>\$ (167)</b>	<b>\$ (358)</b>	<b>\$ (345)</b>
Effect of Exchange Rate Changes on Cash and Equivalents	\$ (3)	\$ (3)	\$ 10
Increase (Decrease) in Cash and Equivalents	\$ 281	\$ (6)	\$ 57
Cash and Equivalents at Beginning of Year	243	249	192
<b>Cash and Equivalents at End of Year</b>	<b>\$ 524</b>	<b>\$ 243</b>	<b>\$ 249</b>

## Management Letter of Responsibility

The Consolidated Condensed Financial Statements in this Annual Report were derived from the Consolidated Financial Statements that appear in the Financial Supplement to the 2005 Annual Report on Form 10-K and to the 2006 Proxy Statement. Management of Whirlpool Corporation is responsible for the accuracy and completeness of the information in this Annual Report. The financial and operating information was prepared from the Company's accounting records, books and accounts which, in reasonable detail, accurately and fairly reflect all material transactions. The Company maintains a system of internal controls designed to provide reasonable assurance that the Company's accounting records, books and accounts are accurate and that transactions are properly recorded in the Company's books and records, and the Company's assets are maintained and accounted for, in accordance with management's authorizations. The Company's accounting records, policies and internal controls are regularly reviewed by an internal audit staff.

The Audit Committee of the Board of Directors of the Company appointed Ernst & Young LLP, an independent registered public accounting firm, to audit the Consolidated Financial Statements included in the Financial Supplement to the 2005 Annual Report on Form 10-K and to the 2006 Proxy Statement. Their report on the Consolidated Financial Statements is included in the Financial Supplement. Their report on the Consolidated Condensed Financial Statements appears to the right.



Roy W. Templin  
Executive Vice President and Chief Financial Officer  
February 28, 2006

## Report of Independent Registered Public Accounting Firm on Consolidated Condensed Financial Statements

The Stockholders and Board of Directors  
Whirlpool Corporation  
Benton Harbor, Michigan

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) the consolidated balance sheets of Whirlpool Corporation as of December 31, 2005 and 2004, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005 (not presented separately herein), and in our report dated February 28, 2006, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated condensed financial statements (presented on pages 27 through 30) is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Whirlpool Corporation's internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2006 expressed an unqualified opinion thereon.



Chicago, Illinois  
February 28, 2006

## Management's Report on Internal Control Over Financial Reporting

The management of Whirlpool Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Whirlpool's internal control system is designed to provide reasonable assurance to the Company's management and board of directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of Whirlpool assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2005.

Whirlpool Corporation's independent registered public accounting firm has issued an audit report on our assessment of the Company's internal control over financial reporting. This report appears on page 33.



Jeff M. Fettig  
Chairman of the Board and Chief Executive Officer  
February 28, 2006



Roy W. Templin  
Executive Vice President and Chief Financial Officer  
February 28, 2006

## Report of Independent Registered Public Accounting Firm On Internal Control Over Financial Reporting

The Stockholders and Board of Directors  
Whirlpool Corporation  
Benton Harbor, Michigan

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Whirlpool Corporation maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Whirlpool Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those

policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Whirlpool Corporation maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Whirlpool Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Whirlpool Corporation as of December 31, 2005 and 2004, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005 (not presented separately herein) and our report dated February 28, 2006 expressed an unqualified opinion thereon.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Chicago, Illinois  
February 28, 2006

# Eleven-Year Consolidated Statistical Review

<i>(Millions of dollars except share and employee data)</i>	2005	2004	2003	2002
<b>Consolidated Operations</b>				
Net sales	\$ 14,317	\$ 13,220	\$ 12,176	\$ 11,016
Operating profit <sup>(1)</sup>	792	758	830	692
Earnings (loss) from continuing operations				
before income taxes and other items	597	616	652	495
Earnings (loss) from continuing operations	422	406	414	262
Earnings (loss) from discontinued operations <sup>(2)</sup>	–	–	–	(43)
Net earnings (loss) <sup>(3)</sup>	422	406	414	(394)
Net capital expenditures	494	511	423	430
Depreciation	441	443	423	391
Dividends	116	116	94	91
<b>Consolidated Financial Position</b>				
Current assets	4,710	4,514	3,865	3,327
Current liabilities	4,301	3,985	3,589	3,505
Working capital	409	529	276	(178)
Property, plant and equipment-net	2,511	2,583	2,456	2,338
Total assets	8,248	8,181	7,361	6,631
Long-term debt	745	1,160	1,134	1,092
Stockholders' equity	1,745	1,606	1,301	739
<b>Per Share Data</b>				
Basic earnings (loss) from continuing operations before accounting change	6.30	6.02	6.03	3.86
Diluted earnings (loss) from continuing operations before accounting change	6.19	5.90	5.91	3.78
Diluted net earnings (loss) <sup>(3)</sup>	6.19	5.90	5.91	(5.68)
Dividends	1.72	1.72	1.36	1.36
Book value	25.54	23.31	18.56	10.67
Closing Stock Price - NYSE	83.76	69.21	72.65	52.22
<b>Key Ratios <sup>(4)</sup></b>				
Operating profit margin	5.5%	5.7%	6.8%	6.3%
Pre-tax margin <sup>(5)</sup>	4.2%	4.7%	5.4%	4.5%
Net margin <sup>(6)</sup>	2.9%	3.1%	3.4%	2.4%
Return on average stockholders' equity <sup>(7)</sup>	24.6%	30.3%	42.9%	(26.5)%
Return on average total assets <sup>(8)</sup>	5.1%	5.2%	5.9%	(5.8)%
Current assets to current liabilities	1.1 x	1.1 x	1.1 x	0.9 x
Total debt-appliance business as a percent of invested capital <sup>(9)</sup>	40.4%	45.7%	50.9%	65.1%
Price earnings ratio	13.5 x	11.7 x	12.3 x	(9.2) x
Interest coverage <sup>(10)</sup>	5.6 x	5.8 x	5.7 x	(0.4) x
<b>Other Data</b>				
Number of common shares outstanding (in thousands):				
Average – on a diluted basis	68,272	68,902	70,082	69,267
Year-end	67,880	66,604	68,931	68,226
Number of stockholders (year-end)	7,442	7,826	8,178	8,556
Number of employees (year-end)	65,682	68,125	68,407	68,272
Total return to shareholders (five year annualized) <sup>(11)</sup>	14.5%	3.7%	8.1%	1.4%

(1) Restructuring charges were \$57 million in 2005, \$15 million in 2004, \$3 million in 2003, \$101 million in 2002, \$150 million in 2001, \$343 million in 1997, and \$30 million in 1996.

(2) The Company's financial services business was discontinued in 1997.

(3) Includes cumulative effect of accounting changes: 2002 – Accounting for goodwill under SFAS No. 141 and 142 and impairments of \$(613) million or \$(8.84) per diluted share; 2001 – Accounting for derivative instruments and hedging activities of \$8 million or \$0.12 per diluted share.

	2001	2000	1999	1998	1997	1996	1995
	\$ 10,343	\$ 10,325	\$ 10,511	\$10,323	\$8,617	\$ 8,523	\$ 8,163
	306	807	875	688	11	278	366
	93	577	514	564	(171)	100	214
	34	367	347	310	(46)	141	195
	(21)	–	–	15	31	15	14
	21	367	347	325	(15)	156	209
	378	375	437	542	378	336	483
	368	371	386	399	322	318	282
	113	70	103	102	102	101	100
	3,311	3,237	3,177	3,882	4,281	3,812	3,541
	3,102	3,303	2,892	3,267	3,676	4,022	3,829
	209	(66)	285	615	605	(210)	(288)
	2,052	2,134	2,178	2,418	2,375	1,798	1,779
	6,967	6,902	6,826	7,935	8,270	8,015	7,800
	1,295	795	714	1,087	1,074	955	983
	1,458	1,684	1,867	2,001	1,771	1,926	1,877
	0.51	5.24	4.61	4.09	(0.62)	1.90	2.64
	0.50	5.20	4.56	4.06	(0.62)	1.88	2.60
	0.31	5.20	4.56	4.25	(0.20)	2.08	2.78
	1.36	1.36	1.36	1.36	1.36	1.36	1.36
	21.44	23.84	24.55	26.16	23.71	25.93	25.40
	73.33	47.69	65.06	55.38	55.00	46.63	53.25
	3.0%	7.8%	8.3%	6.7%	0.1%	3.3%	4.5%
	0.9%	5.6%	4.9%	5.5%	(2.0)%	1.2%	2.6%
	0.3%	3.6%	3.3%	3.0%	(0.5)%	1.7%	2.4%
	1.3%	20.7%	17.9%	17.2%	(0.8)%	8.2%	11.6%
	0.3%	5.4%	4.7%	4.0%	(0.2)%	2.0%	2.9%
	1.1 x	1.0 x	1.1 x	1.2 x	1.2 x	0.9 x	0.9 x
	48.0%	49.4%	37.7%	43.5%	46.1%	44.2%	45.2%
	236.5 x	9.2 x	14.3 x	13.0 x	–	22.4 x	19.2 x
	1.4 x	4.1 x	4.3 x	3.1 x	0.9 x	2.5 x	3.4 x
	68,036	70,637	76,044	76,507	74,697	77,178	76,812
	67,215	66,265	74,463	76,089	75,262	74,415	74,081
	8,840	11,780	12,531	13,584	10,171	11,033	11,686
	61,923	62,527	62,706	59,885	62,419	49,254	46,546
	12.2%	0.3%	7.9%	(1.2)%	6.8%	6.3%	20.8%

(4) Key ratios include charges for restructuring charges, as well as other non-recurring items, which increased (decreased) operating profit, earnings before tax and net earnings in the following years: 2002 – Accounting for goodwill under SFAS No. 141 and 142 and impairments of \$0, \$0, and \$(613) million, restructuring charges \$(101) million, \$(101) million and \$(76) million, discontinued operations and accounting changes of \$(19) million, \$(19) million and \$(57) million, and a minority investment write-off in a European business of \$0, \$0 and \$(22) million; 2001 – Restructuring charges of \$(150) million, \$(150) million and \$(110) million, product recalls of \$(295) million, \$(295) million and \$(181) million, and discontinued operations and accounting changes of \$0, \$0 and \$(13) million; 1999 – Brazil devaluation of \$0, \$(158) million and \$(60) million; 1998 – Gain from discontinued operations of \$0, \$0 and \$15 million; 1997 – Restructuring charges of \$(343) million, \$(343) million and \$(213) million.

(5) Earnings from continuing operations before income taxes and other items, as a percent of sales.

(6) Earnings from continuing operations, as a percent of sales.

(7) Net earnings (loss), divided by average stockholders' equity. Average stockholders' equity is computed on a 13-month average beginning in 2001.

(8) Net earnings (loss), divided by average total assets.

(9) Debt divided by debt, stockholders' equity and minority interests.

(10) Ratio of earnings before interest and income tax expense to interest expense.

(11) Stock appreciation plus reinvested dividends.

# Shareholders' and Other Information

## Financial Information

Whirlpool Corporation's Annual Report on Form 10-K, a cassette-tape recording of the annual report to shareholders and other financial information is available free of charge to stockholders of record.

The Financial Summary contained in this Annual Report should be read together with the Company's Consolidated Financial Statements and related notes, and the "Management's Discussion and Analysis." This information appears in the Financial Supplement to the Company's Proxy Statement and in the Financial Supplement to the 2005 Annual Report on Form 10-K, both of which are available through the Internet at [www.whirlpoolcorp.com](http://www.whirlpoolcorp.com).

This Annual Report contains forward-looking statements. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of the factors discussed in the "Risk Factors" section of the Form 10-K.

Company earnings releases for each quarter – typically issued in April, July, October and February – can be obtained by contacting:  
Larry Venturelli  
*Corporate Vice President and Controller*  
Whirlpool Corporation  
2000 N. M-63, Mail Drop 2800  
Benton Harbor, MI 49022-2692  
Telephone: 269.923.4678  
Fax: 269.923.3525  
[larry.venturelli@whirlpool.com](mailto:larry.venturelli@whirlpool.com)

## Certifications

The most recent certifications by the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Annual Report on Form 10-K. The Chief Executive Officer's most recent certification to the New York Stock Exchange pursuant to Section 303A.12(a) of the NYSE's Listed Company Manual was submitted May 9, 2005.

## Stock Exchanges

Common stock of Whirlpool Corporation (exchange symbol: WHR) is listed on the New York and Chicago stock exchanges.

## Annual Meeting

Whirlpool Corporation's next annual meeting is scheduled for April 18, 2006, at 8:00 a.m. (Central Time), at 120 East Delaware Place, 8<sup>th</sup> Floor, Chicago, IL.

## Transfer Agent, Shareholder Records, Dividend Disbursements and Corporate Secretary

For information about or assistance with individual stock records, transactions, dividend checks or stock certificates, contact:

Computershare Trust Company, N.A.  
Shareholder Services  
P.O. Box 43069  
Providence, RI 02940-3069  
Telephone: 877.498.8861  
Outside the United States: 781.575.2879  
TDD/TTY for hearing impaired: 201.222.4955  
[www.computershare.com](http://www.computershare.com)

For additional information, contact:

Robert T. Kenagy  
*Corporate Secretary*  
Whirlpool Corporation  
2000 N. M-63, Mail Drop 2200  
Benton Harbor, MI 49022-2692  
Telephone: 269.923.3910  
Fax: 269.923.3722  
[robert.kenagy@whirlpool.com](mailto:robert.kenagy@whirlpool.com)

## Direct Stock Purchase Plan

As a participant in the DirectSERVICE Investment and Stock Purchase PROGRAM, you can be the direct owner of your shares of Whirlpool Common Stock. Non-shareholders may purchase their initial shares through the plan for a minimum investment of \$250, or through automatic bank account debits of \$50 for five months. Participants may make cash contributions of up to \$250,000 annually, invested daily, with or without reinvesting their dividends, and can sell part of the shares held in the program without exiting the plan. There are modest transaction processing fees and brokerage commissions for purchases, sales and dividend reinvestment.

For details, contact Computershare or visit their Direct Stock Purchase Plan Website to enroll.

## Stock-Split and Dividend History

March 1952 : 2-for-1 stock exchange  
December 1954 : 100% stock dividend  
May 1965 : 2-for-1  
May 1972 : 3-for-1  
December 1986 : 2-for-1

Example: 100 shares of Whirlpool common stock purchased in February 1952 equaled 4,800 shares in January 2006.

For each quarter during 2004 and 2005, Whirlpool paid a dividend of \$0.43 per share.

## Common Stock

Market Price	High	Low	Close
4Q 2005	\$ 86.52	\$ 67.89	\$ 83.76
3Q 2005	\$ 85.70	\$ 69.01	\$ 75.77
2Q 2005	\$ 74.05	\$ 60.78	\$ 70.11
1Q 2005	\$ 71.25	\$ 61.53	\$ 67.73
4Q 2004	\$ 69.77	\$ 54.53	\$ 69.21
3Q 2004	\$ 68.88	\$ 58.15	\$ 60.09
2Q 2004	\$ 70.98	\$ 61.05	\$ 68.60
1Q 2004	\$ 80.00	\$ 66.60	\$ 68.87

As of February 22, 2006, the number of holders of record of the common stock of Whirlpool was approximately 7,438.

## Trademarks

Acros, Bauknecht, Brastemp, Cabrio, Consul, Crolls, Duet, Duet Sport, Embraco, Eslabón de Lujo, Estate, Gladiator, Ignis, Inglis, Intelli-Speed, KitchenAid, Laden, Origami, Personal Valet, Polar, PowerPair, Pret-à-Porter, Pro Line, ProScrub, Roper, Supermatic, Velos, Whirlpool, and 6th Sense are trademarks of Whirlpool Corporation or its wholly or majority-owned affiliates.

IKEA is a registered trademark of Inter-Ikea Systems B.V.

ENERGY STAR is a U.S. registered mark.

eBay is a registered trademark of eBay, Inc.

The J.D. Power study was based on 7,574 new-home buyers who recently purchased new kitchen appliances that were either included in the new home or purchased from a retailer. [www.jdpower.com/cc](http://www.jdpower.com/cc)

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## Whirlpool Corporation General Offices

### World Headquarters and North America Region

2000 N. M-63  
Benton Harbor, MI 49022-2692  
Telephone: 269.923.5000

### Europe Region

Viale G. Borghi 27  
21025 Comerio (VA), Italy  
Telephone: 39.0332.759.111  
Fax: 39.0332.759.347

### Latin America Region

Av. das Nações Unidas N. 12995, 32º andar  
São Paulo – S.P. CEP 04578-000, Brazil  
Telephone: 55.11.5586.6100  
Fax: 55.11.5586.6484

### Asia Region

565 Jin Gang Road  
Jingqiao Export Processing Zone  
Pudong New Area  
Shanghai, PRC 201206  
Telephone: 86.21.5899.5550  
Fax: 86.21.5899.4449

### Product and Service Information (North America)

*KitchenAid* brand: 800.422.1230  
*Whirlpool* brand: 800.253.1301

### Internet Address

Whirlpool financial information and more are  
available at Whirlpool's site on the Internet:  
[www.whirlpoolcorp.com](http://www.whirlpoolcorp.com)

## Directors (as of January 2006)

Herman Cain <sup>3,4</sup>  
*Chief Executive Officer and President,*  
T.H.E. New Voice, Inc.

Gary T. DiCamillo <sup>1,2</sup>  
*President and Chief Executive Officer,*  
American Crystal, Inc.

Jeff M. Fetting  
*Chairman of the Board and*  
*Chief Executive Officer,* Whirlpool Corporation

Allan D. Gilmour <sup>1,3</sup>  
*Former Vice Chairman of the Board*  
Ford Motor Company

Kathleen J. Hempel <sup>2,3</sup>  
*Former Vice Chairman and Chief*  
*Financial Officer,* Fort Howard Corporation

Michael F. Johnston <sup>2,3</sup>  
*Chairman of the Board and*  
*Chief Executive Officer,* Visteon Corporation

Arnold G. Langbo <sup>1,4</sup>  
*Former Chairman of the Board and*  
*Chief Executive Officer,* Kellogg Company

Miles L. Marsh <sup>2,4</sup>  
*Former Chairman of the Board and*  
*Chief Executive Officer,* Fort James Corporation

Paul G. Stern <sup>3,4</sup>  
*Partner,* Arlington Capital Partners, L.L.P.  
and Thayer Capital Partners, L.L.P. and  
*Chairman of the Board,* Claris Capital Partners

Janice D. Stoney <sup>1,4</sup>  
*Former Executive Vice President,*  
US WEST Communications Group, Inc.

David L. Swift  
*President,* Whirlpool North America,  
Whirlpool Corporation

Michael A. Todman  
*President,* Whirlpool International,  
Whirlpool Corporation

Michael D. White <sup>1,2</sup>  
*Chairman of the Board and Chief*  
*Executive Officer,* PepsiCo International

## Executive Committee

Jeff M. Fetting  
*Chairman of the Board and*  
*Chief Executive Officer*

David A. Binkley  
*Senior Vice President,* Global Human Resources

Marc Bitzer  
*Executive Vice President and President,*  
Whirlpool Europe

Mark E. Brown  
*Senior Vice President,* Global Strategic Sourcing

Daniel F. Hopp  
*Senior Vice President,*  
Corporate Affairs and General Counsel

Mark Hu  
*Executive Vice President and President,*  
Whirlpool Asia

Paulo F. M. O. Periquito  
*Executive Vice President and President,*  
Latin America

David L. Swift  
*President,* Whirlpool North America

Roy W. Templin  
*Executive Vice President and*  
*Chief Financial Officer*

Michael D. Thieneman  
*Executive Vice President and*  
*Chief Technology Officer*

Michael A. Todman  
*President,* Whirlpool International

W. Timothy Yaggi  
*Executive Vice President,*  
Market Operations, North America

(1) Audit Committee

(2) Corporate Governance and Nominating Committee

(3) Finance Committee

(4) Human Resources Committee



Whirlpool Corporation  
World Headquarters and North America Region  
2000 North M-63  
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