

President's Message



> **Jeff Fettig**
President and Chief Operating Officer

TO OUR SHAREHOLDERS – Whirlpool’s regional operations used the leverage of our global platform to help drive record sales and a solid operating performance for the company. In addition to top-line growth generated by our brands through Whirlpool’s ongoing introduction of consumer-relevant innovation to the marketplace, our operations contributed savings from productivity and restructuring initiatives that helped improve the company’s operating performance.

In North America, our operations turned in an outstanding performance, highlighted by record sales and operating profit. Whirlpool’s operations in Europe showed solid improvement as well, as did Whirlpool Asia. And in context of the significant economic and industry challenges within Latin America last year, our operations there turned in a very strong performance.

To sustain the productivity savings that are being achieved by our operations, we have embedded our Operational Excellence process – based on Six-Sigma and lean manufacturing skills and capabilities – within each of our worldwide manufacturing facilities. Based on these capabilities, our operations turned in a record improvement in total cost productivity in 2002. A parallel process is being instituted across the entire enterprise in an effort to eliminate additional costs and to create as many resources as possible to invest in innovation that builds customer loyalty to our brands.

During the year, the company’s acquisitions in Mexico and Poland, as well as restructuring activities worldwide, strengthened the manufacturing and cost positions of our operations. Rationalization of manufacturing in each region coupled with the migration of certain global products to low-cost countries – such as China, India, Slovakia and Brazil – enabled our operations to compete effectively against emerging global competitors.

Increasingly, we are leveraging resources from our global platform to expand our portfolio of innovative products for global export. For example, Whirlpool’s top-rated microwave hood combination ovens are designed at our technology facilities in Sweden, produced at our manufacturing facilities in China, and marketed and sold in the United States. Our operations in Brazil manufacture refrigerators with innovative features and designs that appeal to consumers worldwide. In 2002, the region exported these popular refrigerators to Europe, and, through the capabilities of our global product development process, transferred the platform to Whirlpool India. The enthusiastic consumer response to the 2002 introduction helped Whirlpool India claim the No. 1 refrigeration position in the country.

Whirlpool’s global platform provides our operations with resources and capabilities no other manufacturer can match. Whirlpool’s global procurement, product development and information technology organizations help our operations reduce costs, improve efficiencies and introduce a continuous stream of relevant innovation to consumers.

Our global procurement organization leverages the volume purchasing power of our worldwide operations to eliminate costs and redundancies across regions. Cross-regional teams of product development engineers collaborate on innovation initiatives for regional and global distribution. And our information technology organization provides Internet tools that cut the complexity and costs of doing business for Whirlpool and its trade partners.

We also use the global platform to transfer key innovations and processes across regions and brands. Perhaps the best example to date is the success of Whirlpool’s laundry innovations. In 2002, the *Whirlpool Duet* high-efficiency clothes washer and dryer pair was rolled out across the United States with consumer and trade partner response significantly outpacing capacity.

The popular *Duet* pair emerged from Whirlpool’s global product development process, and involved teams of employees representing technology, manufacturing and brand marketing from our U.S. and Europe operations. Encouraged by the popularity of the *Duet* washer with U.S. consumers, Whirlpool Europe introduced branded versions of its own late last year.

In the U.S., consumer demand for the *Duet* washer and dryer, as well as for earlier laundry innovations such as the *Whirlpool Calypso* clothes washer, helped create and expand the industry’s high-efficiency laundry segment. Whirlpool grew its share position in this premium end of the laundry segment by more than 70 percent in 2002.

We expect Whirlpool’s ongoing introductions of relevant laundry innovation, such as the *Whirlpool Family Studio*, will continue to capture the interest of consumers and generate profitable growth for the company and its shareholders. Whirlpool’s innovation process will continue to drive growth across all our product categories.

Part of the success of our brands and innovations is based on the ability of our global operations to execute the company’s global value-added trade and distribution strategies. In North America, for example, Whirlpool holds the No. 1 appliance position with the top national appliance retailers and buying groups. Our trade partners know the level of value and consumer appeal that is tied to Whirlpool’s innovation, as well as the importance of having trained salespeople who can effectively demonstrate that value to customers. Whirlpool innovation delivered to customers through value-added retail and distribution formats is a winning formula for Whirlpool and our trade partners.

As our operations work to align and leverage the resources of our global platform to meet the needs of our customers, Whirlpool’s brands will continue to introduce meaningful and relevant innovations and create new services in ways that create value. Throughout the regional business summaries that follow, you will see highlights of innovations and accomplishments from each of our regional operations in 2002. Achievements such as these are helping our operations to capture the attention of consumers worldwide, increase the support from our trade partners and create the unique customer experiences that are building unmatched levels of customer loyalty to our brands.

Jeff Fettig
President and Chief Operating Officer
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