

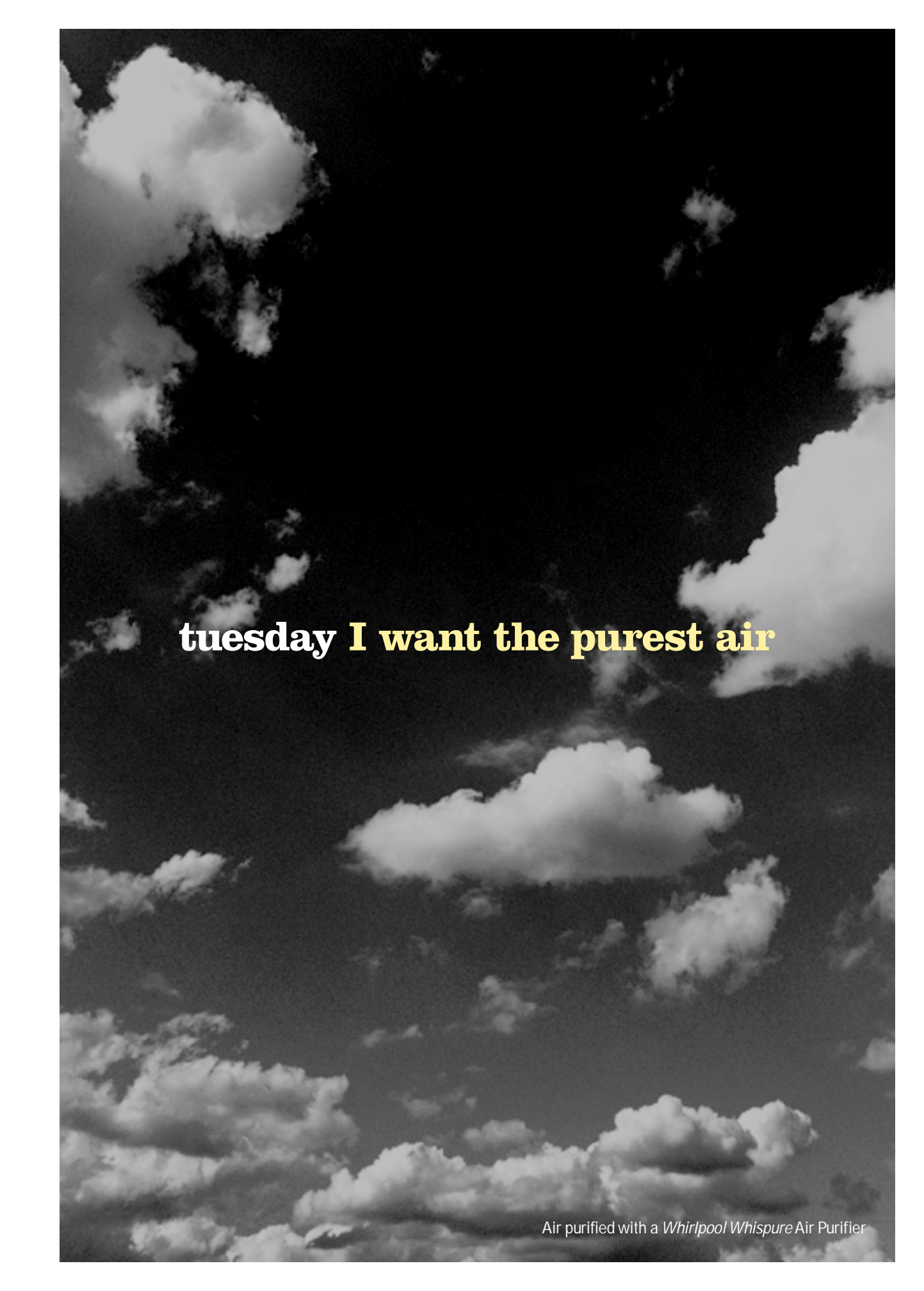


what do I want?



monday **I want the richest coffee**

Coffee brewed in a *KitchenAid Ultra* Series Coffee Maker



tuesday **I want the purest air**

Air purified with a *Whirlpool Whispure* Air Purifier



wednesday **I want the cleanest socks**

Socks washed in a *Whirlpool Catalyst* Cleaning Action Clothes Washer



thursday I want the fluffiest towels

Towels dried in a *Bauknecht Dynamic Sense* Dryer



friday I want the shiniest dishes

Dishes washed in a *KitchenAid Superba* Designer Dishwasher



saturday **I want the coldest drink**

Ice made in a *Consul Dry Defrost* Refrigerator



sunday I want the sweetest cake

Cake baked in a *Bauknecht Cuisine* Oven

everyday I want Whirlpool

“...everyday I value Whirlpool Corporation’s reputation and trust their products. They understand what I want and know what my family needs. Whether it’s my great aunt in Oslo, my former college roommate in Tulsa or my e-mail pen pal in São Paulo, I know I can loyally recommend the brands, products and services of Whirlpool — the company that truly produces personal solutions for every home, everywhere.”

FINANCIAL HIGHLIGHTS

(millions of dollars, except per share data)	2000	1999	% change
Net sales	\$ 10,325	\$ 10,511	(1.8)%
Core earnings, which excludes non-recurring items	367	407	(9.8)%
Per share on a diluted basis	5.20	5.35	
Earnings from continuing operations	367	347	5.8%
Per share on a diluted basis	5.20	4.56	
Stockholders' equity	1,684	1,867	(9.8)%
Total assets	6,902	6,826	1.1%
Return on equity	20.7%	17.9%	
Return on assets	5.5%	4.2%	
Book value per share	23.84	24.55	(2.9)%
Dividends declared per share	1.36	1.36	
Average dividend yield	2.6%	2.2%	
SHARE PRICE			
High	\$ 68 ⁵ / ₁₆	\$ 78 ¹ / ₄	
Low	31 ¹ / ₂	40 ¹⁵ / ₁₆	
Close	47 ¹¹ / ₁₆	65 ¹ / ₁₆	(26.7)%
Total return to shareholders (five year annualized)	0.3%	7.9%	
Shares outstanding (in 000's)	66,265	74,463	
Number of shareholders	11,780	12,531	
Number of employees	60,695	61,066	

COMPANY SUMMARY

Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances. The company manufactures in 13 countries and markets products in more than 170 countries under major brand names such as *Whirlpool*, *KitchenAid*, *Roper*, *Estate*, *Bauknecht*, *Ignis*, *Laden*, *Inglis*, *Brastemp* and *Consul*. Whirlpool is also the principal supplier to Sears, Roebuck and Co. of many major home appliances marketed under the *Kenmore* brand name.



CHAIRMAN'S LETTER

TO OUR SHAREHOLDERS —

2000 proved to be an unusually demanding year for our company. In the first six months, we set all-time company performance records, producing the two most profitable quarters in our 89-year history. Then, in the second half of the year, we faced a variety of difficult operating conditions in most of the global markets we serve. Some were expected; others were not. These conditions included a sharp downturn in demand in the North American marketplace during the second half of the year and a slowing of consumer demand in Europe. These conditions in both North America and Europe led to an intensely price competitive marketplace. Additionally, we began to see substantial material cost increases within our European business. Lastly, we faced disruption in the North American market when a major national retailer exited the selling of appliances. Although this was largely a one-time event for Whirlpool, it did contribute to the earnings decline during the second half of the year.

In spite of these challenges, our company produced its second most profitable year ever in 2000. Still, the bottom-line financial results did not meet our own high expectations. Reported revenue declined 2 percent, to \$10.3 billion, from 1999's record level. Full-year core earnings per share were down by 3 percent from 1999, to \$5.20 per share. Significant currency changes lowered 2000 revenue by about \$280 million and reduced net earnings by \$7 million.

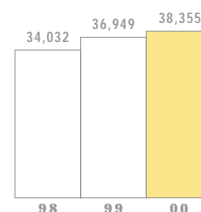
Despite all of the activities and issues that affected our business in 2000, we continued to aggressively expand and advance the three platform capabilities that form the basis of our strategic direction and guide our execution. These unique capabilities provide us with a distinctive competitive advantage to build ever-higher levels of customer loyalty. These unique capabilities have, and will continue to, positively impact value creation over the next decade.

Let me describe each of these capabilities:

UNIQUE GLOBAL STRUCTURE

Today, Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances and consumer solutions. Our company's global market share is 40 percent larger than our closest competitor. We hold the leading market position in North America and Latin America, third place in Europe and the top spot among Western companies doing business in Asia. In short, we have a greater ability to serve consumers in every part of the world than any of our competitors.

CHAIRMAN'S LETTER



Units Sold
(in thousands)

Again in 2000, we extended this capability by purchasing most of the outstanding publicly traded shares in our Brazilian subsidiaries, Brasmotor S.A. and Multibrás S.A., for \$283 million and now own about 94 percent of the shares of these two subsidiaries.

Brazil and the entire Latin American region are growth markets, and this investment will allow us to fully integrate them into the global Whirlpool network. We project that Latin American appliance demand will grow at two to three times the rate of North America or Europe. We hold an enviable position with total market share greater than the next two competitors combined.

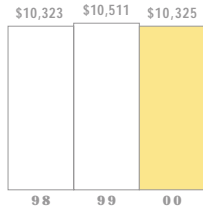
We also strengthened our reach in other parts of the world, most notably in Central and Eastern Europe, where our business continues to grow at double-digit rates. In addition, we continue to build on our already strong and profitable business in Asia.

This global business structure and platform allows us to lead the \$70 billion worldwide appliance market. Within a decade we expect this global market will swell to \$120 billion.

UNIQUE EXECUTION AND PERFORMANCE CAPABILITIES

Because of this global platform, we are leveraging our activities, practices and business processes on a worldwide basis, an approach that we believe creates a competitive advantage for each of our global businesses. Major business processes — from product development, procurement and supply chain management, to managing information system technologies and harnessing the power of the Internet to drive efficiencies and revenues — are today globally leveraged.

This approach allows us to move with greater speed at a lower cost and in the end serve our consumers around the globe with leading edge products and services that deliver superior performance and value. It allowed us to deliver an average of 3.5 percent total cost productivity (net of inflation) improvement over the last three years, reduce working capital by 8 percent, and drive selling, general and administrative costs lower by \$335 million, or 3 percent of sales.



Net Sales
(in millions)

As importantly today, all of our major product introductions are delivered by a global organization that serves our regional businesses. This has allowed us to come to market faster, at a lower cost, with more innovation and consumer value than ever before. The year 2000 had more innovative major product introductions than any time in our history and we will increase that rate again in 2001. This would not be possible without the global approach we take in managing our business.

UNIQUE GLOBAL BRAND PLATFORMS

Further fueling our success, growth and opportunities around the world is our remarkable portfolio of brands and the relationships we have with consumers in every part of the world.

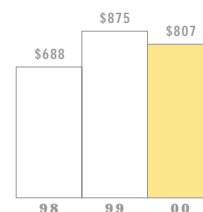
Whirlpool is already the world's No. 1 selling appliance brand, and we have unlimited opportunities to escalate its growth with our global business structure and consumer reach. Our *Brastemp* and *Consul* brands are the top two in the Latin American market. In addition, our upscale brands include *KitchenAid* in the U.S. and *Bauknecht* in parts of Europe. And we remain the major supplier in many product categories of Sears, Roebuck and Co.'s *Kenmore* name appliances. In total, these brands account for 40 percent more global market share than our closest competitor.

Our research shows that consumers around the globe do not merely purchase products, but rather seek an enduring relationship with a brand. Each of our powerful brands is targeted to distinctive customer segments, as we offer them a unique array of products, services and purchase experiences.

Today, as we make decisions on how we allocate our human and capital resources, we use the following criteria. First, does the effort and investment create a distinctive solution valued by consumers; second, does it create a distinctive and sustainable competitive advantage; and third, will it create value for our shareholders? Resources that would historically have been invested in business maintenance are being dramatically reduced as we apply these criteria for each new investment.

This investment strategy allows us to differentiate Whirlpool Corporation from others in the industry, many of which appear focused on an undifferentiated approach to the market that results in price being the only difference available on which to compete.

CHAIRMAN'S LETTER



Operating Profit
(in millions)

Strategically and practically, we believe that this is the wrong approach for Whirlpool. Our experience shows that consumers want branded innovative product and service solutions that are geared toward their lifestyles...and they are willing to pay more for these unique solutions and resulting brand based relationships, particularly with our stable of strong brand names.

INNOVATION EFFORT FUELS BRAND GROWTH

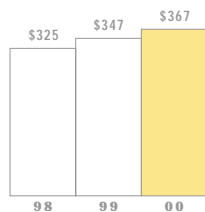
In order to expand and enhance the experience consumers have with our brands, we've undertaken an intensive innovation effort. This year-long global project to broadly embed a new set of skills, tools and capabilities has created an environment inside the company that is focused on creating unique solutions for consumers around the world.

We have today the most powerful portfolio of brands in our global industry, and we believe that our brand value-building focus and capabilities combined with the emphasis we are placing on innovation will continue to produce results that are equally robust.

2001 OUTLOOK

Based on our outlook for continued growth and performance improvements, we continue to believe that our stock remains significantly undervalued. Accordingly, we have completed about 60 percent of a total \$1 billion share repurchase program. To date, we have repurchased approximately 15 percent of the company's outstanding shares since the buy-back program began.

To ensure that we have an exceptionally competitive cost structure, as well as to create the resources to aggressively invest in our brand building strategies and innovation activities, we announced late last year that we would take a series of restructuring charges during 2001. The restructuring actions will impact all of our businesses in every geographic location — North America, Europe, Latin America and Asia — and will total between \$300 million and \$350 million.



Net Earnings
(in millions)

When fully implemented, these restructuring actions will result in the consolidation and closure of several facilities around the world and will eliminate about 6,000 positions, or about 10 percent of our workforce. Such decisions are neither easy for the company nor for the people they affect. Still, we believe they are necessary decisions and expect them to deliver \$225 million to \$250 million in annual cost savings when fully implemented.

As we look at 2001, we expect to see a continued challenging environment in North America and Europe for most of the first half, with positive trends developing in the second half of the year. Accordingly, we anticipate our performance in the first half will be lower than the first, record-setting six months of 2000, with substantial performance improvements coming in the second half of the year. Together, this performance will yield solid improvement in sales and earnings per share.

None of these accomplishments or financial figures fully represent the degree to which Whirlpool people have developed their new skills and are applying them within and throughout our company. Ours was and remains an ambitious strategy to build unprecedented loyalty to our brands. I continue to see our men and women leveraging their knowledge, expertise and achievements to ever-higher levels as we successfully execute this strategy.

DAVID R. WHITWAM
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER
FEBRUARY 12, 2001

everyday at Whirlpool

KATHERINE BALDINI

> **Benton Harbor, Michigan**

> **Sr. Brand Manager, Food Preservation**

Whirlpool brand consumers in North America are seeking creative appliance solutions that improve their quality of life. Our new *Conquest* refrigerator appeals to their need for a stylish design and gives them the added space they need. By moving the ice maker into the freezer door, the *Conquest* refrigerator comes with a variety of shelving configurations to give families the space they need in both the refrigerator and freezer.





S T É P H A N E L I P P M A N N

> Comerio, Italy

> Whirlpool Brand Group Manager, Fabric Care Washers

The new *Millennium* clothes washer uses our exclusive *6th Sense* technology to get clothes cleaner, minimising resources consumption and time. *Whirlpool* brand consumers in Europe are seeking this type of easy-to-use advanced technology for better wash performance. They also want the modern, cutting edge design that comes with the *Millennium* washer's sleek front panel.

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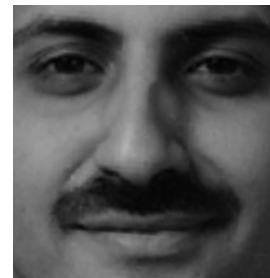


D I N E S H S H A R M A

> New Delhi, India

> General Manager of Product Development — Refrigeration

Knowing your consumers' needs and providing genuine solutions — this core *Whirlpool* brand characteristic epitomizes the thinking and effort that went into designing our market leading *Ice Magic* refrigerator for India. Its *Quick Chill* innovation and stylish design give our consumers the tools they need to care for their families at home.





MARTY ARMSTRONG

> Benton Harbor, Michigan

> Director, Worldwide Sales and Distribution

KitchenAid products embody the design and performance that surpasses even the very high expectations of the brand's best consumers. And be assured, these consumers know all about appliances and expect them, including this brand icon stand mixer, to deliver the professional quality results they strive for every day in their homes.

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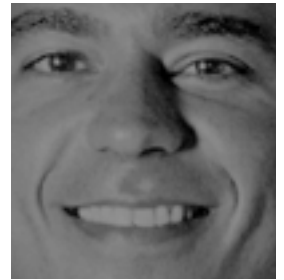


R O D R I G O H E R M E S D E A R A Ú J O

> **São Paulo, Brazil**

> **Lead Engineer**

As Latin America's largest appliance brand, *Consul* has become a close and trusted friend to millions of consumers. Our new *Dry Defrost* refrigerator features an automatic defrost cycle and easy to access storage bins that keep foods fresher longer. These are just the kind of practical solutions consumers have come to expect from their friend, *Consul* brand.





ESTHER SLUIJS

> **Comerio, Italy**

> **Marketing Manager, Bauknecht Brand**

Bauknecht brand consumers are looking for energy efficient appliances that deliver perfect results. Our *Dynamic Sense* line of products fulfills this consumer need by offering products with user-friendly intelligent technology that optimises resources, while delivering best in class performance. The *Dynamic Sense* dryer, which dries clothes gently and evenly while managing energy usage, is *Bauknecht* — a real Intelligent Answer for your Peace of Mind.

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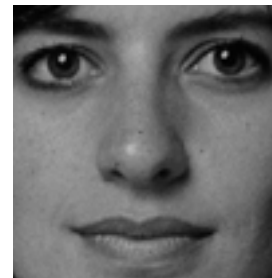


J O A N A M A D I A

> **São Paulo, Brazil**

> **Product Manager, Air Conditioners**

With the *Brastemp* brand there is no comparison, we're simply the best. Like all *Brastemp* products, our new *Total Air* air conditioner gives unmatched performance. The *Total Air* cleans the air with our exclusive *3M Filtrete* filter technology, and it's also one of the quietest air conditioners on the market. Consumers also love the convenience of the remote control that allows them to program the unit and control it from a distance.





P A M E L A R O G E R S

> Benton Harbor, Michigan

> Product Development Manager

Introduced in 2000, the *Kenmore Elite* clothes washer pushed the envelope of clothes washing technology with its patented *Calypso* wash motion. This exciting new product combines the consumer preferred easy access of a top-loader with a revolutionary high-efficiency wash motion and America's Largest Useable Cleaning Capacity. And, like all *Kenmore* brand appliances, it delivers on Sears' promise of exceptional cleaning performance and consumer value.

NA
LA
EU
AS





PRESIDENT'S MESSAGE

TO OUR SHAREHOLDERS —

2000 was a challenging year as we saw significant changes in the external environment during the course of the year.

In the first half, our global operating performance showed considerable strength, with 32 percent and 28 percent year-over-year core earnings per share increases in the first and second quarters, respectively. This performance made it 15 consecutive quarters in which core earnings per share improved in excess of 20 percent from the prior-year, as we continued to build a strong foundation. Just as important, our portfolio of leading brand names was driving our global momentum.

In the second half, we began to see declining industry demand, increased competitive pricing and rising material costs, which ultimately impacted our margins in both North America and Europe. We took aggressive and appropriate actions to deal with this changing environment. Moreover, we believe our actions position us well for 2001.

In North America, we finished 2000 with a record market share, reflecting the strength of our brands with consumers. We also continue to benefit from a record number of innovative new products and a very strong added-value distribution network. We believe that our distribution network is effective at demonstrating the benefits of great brands and products to consumers, while providing them with the right selection to meet their needs.

In Europe, we also had a record first half performance and a difficult second half, as slowing demand, competitive pricing and significant material cost inflation eroded our margins. We have seen this cycle in Europe before and have aggressively addressed our cost structure, while leveraging our strong pan-European brands to reverse this cycle in 2001.

We made great progress in our Latin American operations, as we successfully managed through an extended negative economic cycle. We have an outstanding position in the region with a market share position that is more than two times that of our closest competitor. More important, we have three brands — *Brastemp*, *Consul* and *Whirlpool* — which are the top three brands with consumers in these markets. This powerful platform of market share scale and great brands, combined with the continued economic improvement in the region, will produce strong financial results going forward.

Our Asian operations delivered another solid year of growth and record levels of financial performance. We have built a strong foundation across Asia for future growth. Here too, the *Whirlpool* brand is becoming a leading consumer brand, and Asia is also becoming a strong product and manufacturing base for us globally.

Though our full-year operating performance was down slightly from 1999's record levels, our global operating platform has never been stronger. This will serve us well in delivering financial results that we expect will reward our shareholders.

In the following sections, we will provide you with additional information on the performance of each of our regional businesses, as well as some insight into our plans for growth in 2001.

JEFF M. FETTING
PRESIDENT AND CHIEF OPERATING OFFICER
FEBRUARY 12, 2001

OPERATIONS REVIEW

INTRODUCTION

In 2000 Whirlpool Corporation built upon its global leadership position in the appliance industry. And it did so in a period of economic slowdown, especially in our North American and European markets. At the same time, our Latin American and Asian operations delivered a very solid year of performance. Now we would like to take you through a region-by-region breakdown of Whirlpool's global performance in 2000.

NORTH AMERICA

The year 2000 was a challenging one operationally for our North American business. We faced significant changes in our distribution network and aggressive price competition. And, despite a record first half performance, we fell short of our own performance expectations for the year.

The year fell into two halves. In the first half of 2000, we set all-time records in sales, unit shipments and operating profit. This level of performance was driven by a strong industry, a nearly continuous stream of new product introductions under the *Whirlpool* and *KitchenAid* brands, as well as by the ongoing strength in sales of *Kenmore* brand appliances to Sears, Roebuck and Co. Yet, in the robust industry environment we began to see signs of growing price competition.

Then in July, Circuit City, North America's second largest appliance retailer, abruptly exited the appliance retail business. As we foresaw, their departure was largely a one-time event, despite its impact on our financial results in the third quarter. Our other retail partners, including Sears and Lowe's, helped offset the lost sales volume. Indeed, our company recorded record market share in 2000. Equally significant, the company continued to execute its brand-value and consumer-focused strategies, which we are confident will have a beneficial long-term impact on our company and industry.

In the second half of the year mounting pricing pressures and a slowing of consumer demand lowered our performance. For instance, some competitors initiated a strategy to grow their market share position through price reductions alone. This led to a heightening of competitive pricing pressures in the market. The industry also witnessed a significant slowdown in consumer confidence. Despite these factors, we still managed to execute our brand and consumer strategies that soon began to have a favorable impact on our North American operations and on our always-competitive industry.

In 2001, we believe we will regain our full performance momentum and continue to make significant progress on our business strategies. We believe this for a number of reasons. First, we expect to deliver on our own aggressive cost-reduction and productivity improvement goals. Second, we are confident that our roster of truly innovative new products, including one or more in nearly every product category, will enhance both sales and profit margins. Although an easing of interest rates may reinvigorate some market segments, we expect that the first half of the year will remain challenging. Our forecasts, therefore, call for a return to positive industry demand trends in the second half of the year.

Despite the downturn experienced by our North American business during 2000, we were encouraged as the market enthusiastically greeted our roster of new product introductions. Our new clothes washer, featuring the patented *Catalyst* cleaning action — an innovative technology that virtually eliminates the need to pre-treat clothes, while producing unsurpassed cleaning performance and the whitest whites — was well received in media reviews and showroom sales. The new *Ultima Cook* microwave combination oven from the *KitchenAid* brand, featuring enough oven capacity to hold a 12-pound turkey, helps consumers put meals on the table in a fraction of the conventional cooking time. Our *Conquest* side-by-side refrigerator rewrote the standards for available freezer space with a revolutionary *In-Door-Ice* ice dispensing system and turned heads with a new contoured door style. Our new *Whirlpool* brand *Whispure* air purifier, offering a high-efficiency filter and the quietest operation in the market, also debuted to high consumer interest. And we introduced the *Calypso* wash motion top-loading clothes washer, which uses patented technology to save more water and give better cleaning performance than any other full-size, high efficiency washer in the market today.

Just as significantly, our North American operations took a series of steps during 2000 to introduce products and services that redefined our company's approach to consumer needs in and around the home. Our newest brand, *Cielo*, initiated a line of products — most notably jetted and soaking baths — for the bathroom. The *Cielo* brand was launched with an extremely positive reception among home builders and with Lowe's, the No. 2 appliance retailer in the United States.

OPERATIONS REVIEW

We also advanced our brand-building strategy in a number of other ways. For example, we also launched new consumer communication campaigns for both the *Whirlpool* and *KitchenAid* brands. In each case the campaigns are creating new images and definitions of the brands for consumers. To reinforce these exciting consumer-focused campaigns, our company has also worked with national, regional and local retailers to improve the consumer purchase experience.

Another significant breakthrough in North America is our Customer-Centered Manufacturing approach. This strategy is creating a new level of efficient, flexible production capabilities in our factories focused on rapid product line changes to better reflect end-user demands and allowing for quick adaptation of innovation in the marketplace.

Also, by partnering with world-class Internet technology companies, we have advanced our plans for enabling the networked homes of the future. Imagine the day when, with a few clicks of the mouse, you could check your refrigerator's inventory and reset your house's thermostat before you head home from your office.

Playa Vista, the first fully Internet-connected community in North America, selected Whirlpool to provide a full line of Internet-enabled appliances and associated services for its new community just west of Los Angeles. When completed, Playa Vista's 13,000 new homes will be wired for high-speed broadband Internet service and able to demonstrate the technology of our *Whirlpool* and *KitchenAid* Internet-enabled appliances.

EUROPE

Europe, too, presented similar challenges for us in 2000. Much like North America, our European operations began the year with promising performance, which began to deteriorate because of several related factors. More specifically, price competition was intense across the region, and consumer demand, while still positive for the full year, slowed during the second half. We also faced higher costs for some commodity materials and components used in the products we produce in Europe.

Specific actions have been taken to address each of these factors. More importantly, we expect to further accelerate our introduction of innovative new products under the *Whirlpool* and *Bauknecht*

brand names in the coming year. These new products, along with a sharp focus on productivity improvements and our expectation that consumer demand will grow in the European market by about 2 percent, give us confidence that we will strengthen our performance.

We also believe that the new products and services launched during 2000 will continue to build momentum in the marketplace. We have been pleased with the initial reaction of consumers to our leading-edge *Whirlpool* and *Bauknecht* brand dishwashers, washing machines and dryers that employ sensor-driven technology for peak performance. The *Dynamic Sense* and *6th Sense* names resonate in the European marketplace as intelligent approaches to household needs.

Also displaying the intelligence of superior design during 2000 were our dishwashing and laundry products featuring visual brand language (VBL) under the *Whirlpool* brand. Appliances with VBL benefit from outstanding designs that both create a memorable, emotional bond and provide ease of use that clearly separate our brands from competitors. An extraordinary example of how breathtaking design can capture the public's imagination was our sponsorship of the Macrowave exhibit, a futuristic look at how the microwave oven may adapt to evolving customer needs. Macrowave created an international splash during 2000 at two world-renowned venues — the Louvre in Paris and the Triennale in Milan.

In technology, we made progress through our new partnership with Nokia for integrating telecommunications capabilities in our European version of the Integrated Home Solutions initiative. Driving these developments was significantly growing consumer demand — evident during trade shows and other events — for more information about how Internet access and computer controls will shape the way we use our appliances.

Innovative services also were enhanced in 2000 for our European operations. In Switzerland, Belgium and Holland, for example, we unveiled a unique self-service “store” on the Internet that enables our trade partners to check prices, product availability, order entry and order status. And in other parts of the region, we rolled out the *Servis* program under the *Bauknecht* brand that provides best-in-class levels of convenience for consumers. Quickly after its introduction in Germany, the *Servis* program was acknowledged as the new European benchmark for appliance services.

OPERATIONS REVIEW

LATIN AMERICA

Our Latin American operation again delivered solid sales growth and operating profits. These results were a credit to our company's strength in the region and to the market's strong demand for our brands. We remain the market leader in Latin America by a wide margin. And because of that, we can continue to earn a higher level of profitability in delivering the most innovative products to highly receptive consumers.

During the year, we delivered challenging cost and quality targets, while continuing to introduce innovative new products under our *Brastemp* and *Consul* brand names. Our Embraco business unit, the world's largest producer of hermetic compressors for refrigeration, also exhibited ongoing strength. We expect the Latin American appliance market to grow between 5 and 8 percent in 2001 as economic fundamentals continue to improve and consumer demand rises. Therefore, we expect our own performance in the region to strengthen on a year-over-year basis.

The year 2000 also marked the 50th anniversary of the *Consul* brand, which prompted us to commemorate the occasion with extensive promotions for one of Latin America's most prominent brands. We also celebrated *Consul* brand's 20th anniversary in Chile, while introducing the brand for the first time into Argentina. Another notable event was the introduction of a new single-door *Consul* refrigerator, which was an immediate hit in the single-door-dominated Brazilian market.

This solid performance was also due to our unfaltering focus on exceeding consumer needs. We continued our aggressive schedule of new product introductions, all reflecting deep consumer insights and preferences for style, innovation and world-class performance. These include all new or totally redesigned clothes washers, refrigerators, air conditioners, cooking ranges and microwave ovens. In fact, today virtually all of our revenues come from products that were introduced within the last three years. As always, each branded product launch was supported with an aggressive advertising campaign to garner further consumer attention and acceptance.

Among the most exciting highlights of 2000 were our successes in growing the position of our brands in Latin American markets outside of Brazil. We finished the year with strong market share positions in both Argentina and Chile. To continue our growth in these markets and throughout Latin America, we plan to increasingly leverage our global enterprise on a regional scale, which was certainly one of the factors that allowed us to perform as well as we did in 2000.

Our Latin American unit is well equipped to deliver continued success. We enjoy an unparalleled position with consumers through our market-leading brands. And we are confident that the strength of our operating platform will allow us to perform well regardless of the economic environment.

ASIA

Strong growth in Asia pushed our operating earnings to record levels. Results in both India and China were particularly strong. Shipments of home appliances in Asia, which is already the world's largest home appliance market, are forecast to grow between 5 and 8 percent in 2001. Here too, we expect to extend our record-setting growth rate in both sales and operating profits.

Driven by continued strong consumer demand for our cutting-edge refrigerators and clothes washers, the *Whirlpool* brand has become the top choice in the rapidly growing Indian market. Widespread consumer demand in India for *Ice Magic*, in our new line of refrigerators has helped *Whirlpool* brand take the lead in that product category. Similarly, the launch of the *White Magic* clothes washer, with its ability to produce the whitest whites, advanced the *Whirlpool* brand among leading washing machine brands in India.

Our brand-building efforts in the region were recognized with Gold Superbrand awards based upon the results from an Asian consumer survey by Reader's Digest. *Whirlpool* brand washing machines received the Gold Superbrand award for the entire Asian market and for a number of individual markets such as Hong Kong, the Philippines, and Thailand.

Our performance also improved in the Asian Pacific region in 2000. Our global business approach allowed us to adapt quickly in these emerging markets. We continued to focus our product line on those *Whirlpool* brand products with the greatest consumer appeal and strengthen our long-term position for growth and higher profits in these important markets.

OPERATIONS REVIEW

In China, our performance in 2000 reflected our continued efforts to grow the *Whirlpool* brand in this highly competitive and exceptionally important market. We also took steps to improve our cost structure, while nearly doubling our domestic shipments of *Whirlpool* brand products, a sign that we are building solid brand awareness with Chinese consumers.

We have made great progress in strengthening our position in Asia for long-term profitable growth. This could only have been accomplished by the commitment of our people throughout this region. Despite tough competitive conditions, volatile markets, and significant change, their understanding of the consumer helped us deliver a solid year of improvement, while positioning us for future growth in the world's largest home appliance market.

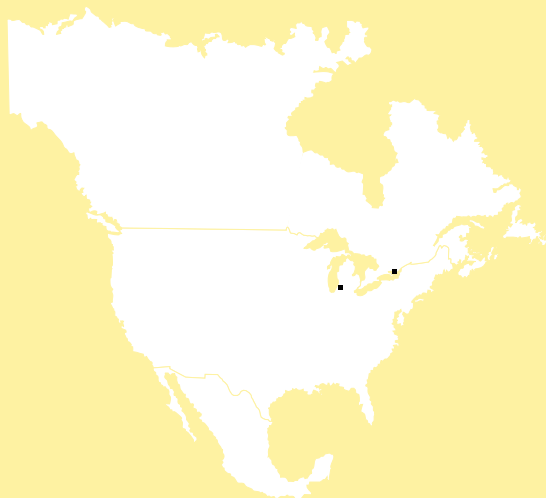
SUMMARY

All in all, 2000 was a challenging year for Whirlpool Corporation. It also was a year of promise. A combination of factors slowed our strong year-opening performance in our two largest markets, North America and Europe. Nonetheless, we continued to introduce new, innovative products into those markets at the quickest rate in our company's 89-year history. Our prospects going forward are bright due to strong global and regional consumer brands.

Such an annual performance is a credit to our unmatched global reach and continuing integration of our best technologies and processes for designing, manufacturing, selling and servicing at the lowest possible cost. It's a fact of economic life that some areas of the world will perform better than others in any given year. But we at Whirlpool have the advantage of being in just about every significant global market and we are ready to seize the opportunities those markets present.

NA
NA
NA
NA

UNITED STATES
CANADA
MEXICO



KEY STATISTICS

- No. 1 position in the industry
- \$6.2 billion in 2000 sales
- \$682 million in 2000 operating profit
- Approximately 26,000 employees

BRANDS

United States: *KitchenAid, Whirlpool, Roper*

Canada: *Inglis, Whirlpool, KitchenAid*

Mexico: *Whirlpool, Acros, Supermatic, Crolls*

PRINCIPAL PRODUCTS

Air Purifiers, Automatic Dryers, Automatic Washers, Built-in Ovens, Counter-Top Appliances, Dehumidifiers, Dishwashers, Freezers, Ice Makers, Microwave Ovens, Ranges, Refrigerators, Room Air Conditioners, Trash Compactors

HEADQUARTERS

Benton Harbor, MI and Mississauga, ON

MANUFACTURING LOCATIONS

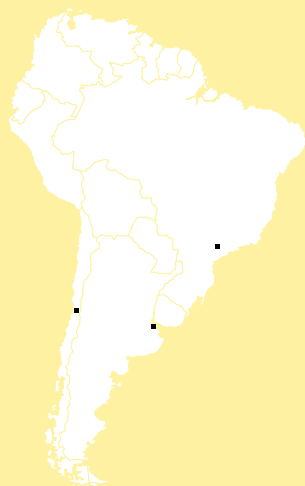
United States: La Vergne, TN / Findlay, OH / Marion, OH / Greenville, OH / Clyde, OH / Benton Harbor, MI / La Porte, IN / Evansville, IN / Fort Smith, AR / Tulsa, OK / Oxford, MS

Canada: Montmagny, QU

Mexico: Monterrey / Reynosa / Celaya / Puebla

LA
LA
LA
LA

BRAZIL
ARGENTINA
CHILE
OTHER MARKETS OF THE SOUTHERN CONE



KEY STATISTICS

- No. 1 market position in the industry
- World's largest hermetic compressor producer
- \$1.7 billion in 2000 sales
- \$125 million in 2000 operating profit
- Approximately 18,000 employees

BRANDS

Whirlpool, Brastemp, Consul, Embraco, Eslabon de Lujo, Semer

PRINCIPAL PRODUCTS

Automatic Washers, Compressors, Dishwashers, Freezers, Microwave Ovens, Ranges, Refrigerators, Room Air Conditioners

HEADQUARTERS

São Paulo, Brazil / Buenos Aires, Argentina / Santiago, Chile

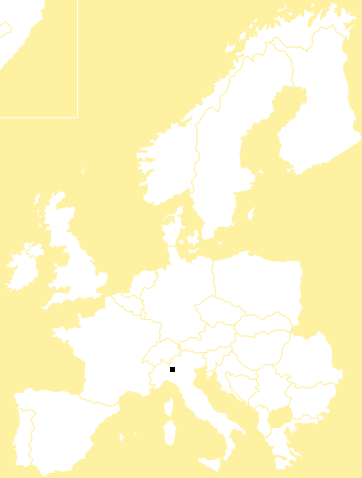
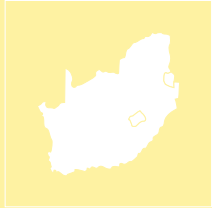
MANUFACTURING LOCATIONS

Brazil: Manaus / Rio Claro / Joinville / São Paulo / São Bernardo do Campo

Argentina: San Luis

EU
EU
EU
EU

EUROPE
MIDDLE EAST
AFRICA



KEY STATISTICS

- No. 3 position as manufacturer; No. 1 as brand
- \$2.2 billion in 2000 sales
- \$102 million in operating profit
- Approximately 12,000 employees

BRANDS

Whirlpool, Bauknecht, Ignis; Laden in France,
KIC in South Africa

PRINCIPAL PRODUCTS

Automatic Dryers, Automatic Washers, Built-in Hobs,
Built-in Ovens, Compressors, Dishwashers, Free-standing
Cookers, Freezers, Microwave Ovens, Refrigerators

HEADQUARTERS

Comerio, Italy

MANUFACTURING LOCATIONS

Sweden: Norrköping

Italy: Naples / Siena / Cassinetta / Trento / Riva di Chieri

France: Amiens

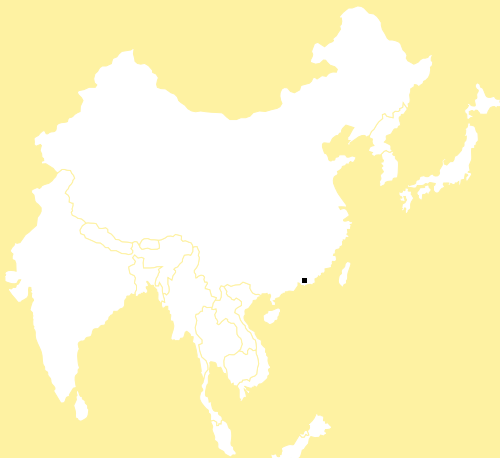
Germany: Neunkirchen / Schorndorf

Slovakia: Poprad / Spišská Nova Ves

South Africa: Isithebe

AS
AS
AS
AS

CHINA
INDIA
ASIA PACIFIC



KEY STATISTICS

- Leader among Western companies,
with No. 1 market position in India
- \$390 million in 2000 sales
- \$21 million in 2000 operating profit
- Approximately 6,000 employees

BRAND

Whirlpool

PRINCIPAL PRODUCTS

Automatic Washers, Compressors, Microwave Ovens,
Refrigerators

HEADQUARTERS

Hong Kong, PRC

MANUFACTURING LOCATIONS

India: Faridabad / Pune / Pondicherry

China: Shanghai / Shunde / Beijing

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The consolidated statements of earnings summarize operating results for the last three years. This section of Management's Discussion and Analysis highlights the main factors affecting changes in operating results during the three-year period.

EARNINGS

Core earnings decreased 10% in 2000 while 1999 core earnings increased 31% over 1998. The term "core earnings" refers to earnings from continuing operations excluding the effects of the first quarter 1999 Brazilian currency devaluation.

Earnings and earnings per share were as follows:

(millions of dollars, except per share data)	2000	1999	1998
Core earnings	\$ 367	\$ 407	\$ 310
Diluted core earnings per share	5.20	5.35	4.06
Earnings from continuing operations	367	347	310
Diluted earnings per share from continuing operations	5.20	4.56	4.06
Net earnings	367	347	325
Diluted net earnings per share	5.20	4.56	4.25

Core earnings for 2000 were affected by the impact of a slowing industry and intense pricing pressures in the company's two largest markets, North America and Europe. Increased research and development, advertising and product launch costs in support of the company's brand strategy were offset by \$59 million in pension gains, after-tax, or \$0.84 per diluted share. Core earnings for 2000, 1999 and 1998 included \$49 million, \$20 million and \$15 million, after-tax and minority interests, of Brazilian tax credits. These credits accounted for \$0.69, \$0.26 and \$0.20 per diluted share for 2000, 1999 and 1998, respectively.

Earnings from continuing operations and net earnings for 1999 were reduced \$60 million after-taxes and minority interests, or \$0.79 per diluted share, by the first quarter's Brazilian currency devaluation.

During 1998, the company recorded an after-tax gain from discontinued operations of \$15 million or \$0.19 per diluted share related to the sale of consumer financing and European inventory financing assets to Transamerica Distribution Finance Corporation, concluding a series of transactions to dispose of portions of its financing business.

NET SALES

The total number of units sold in 2000 increased 4% over 1999. Consolidated net sales decreased 2%; however, as currency fluctuations around the world and pricing pressures combined to offset the increased units. Excluding currency fluctuations, sales would have increased 1% over 1999. Excluding the impact of currency fluctuations, net sales were up 11% in 1999 over 1998. The tables below provide the breakdown of units and sales by region.

(in thousands)	2000	Change	1999	Change	1998
UNITS SOLD:					
North America	20,634	3.9%	19,862	11.9%	17,810
Europe	10,876	3.9	10,469	7.1	9,774
Latin America	4,918	2.3	4,809	(0.2)	4,817
Asia	1,958	5.4	1,858	13.0	1,644
Other/eliminations	(31)	—	(49)	—	(13)
Consolidated	38,355	3.8%	36,949	8.6%	34,032

(millions of dollars)	2000	Change	1999	Change	1998
NET SALES:					
North America	\$ 6,223	1.0%	\$ 6,159	10.0%	\$ 5,599
Europe	2,156	(12.1)	2,452	0.5	2,439
Latin America	1,706	2.3	1,668	(20.2)	2,090
Asia	390	4.0	375	19.8	313
Other/eliminations	(150)	—	(143)	—	(118)
Consolidated	\$ 10,325	(1.8)%	\$ 10,511	1.8%	\$ 10,323

Significant regional trends were as follows:

- North American unit volumes increased despite an overall slowdown in industry demand. Major appliance shipments growth exceeded the 2% industry-wide growth. Shipments are currently expected to be flat for 2001. Net sales increased slower than unit volumes as competitive pricing pressures reduced average sales values. The 1999 increase versus 1998 in units and net sales were both attributable to strong industry growth and market share gains.
- European unit volumes increased in line with industry growth. Net sales decreased however, as currency fluctuations and pricing pressures offset the higher volume. Excluding the impact of currency fluctuations, net sales would have been level with 1999. Unit shipments are currently expected to increase 2% in 2001. Unit volumes and net sales increased 7% and 1%, respectively, in the 1999 versus 1998 comparison also reflecting the impact of currency fluctuations.
- Unit shipments and net sales increased in Latin America over 1999 reflecting positive economic trends. Price increases implemented during the year contributed to the increased revenue. Unit shipments are currently expected to increase between 5% and 8% in 2001. In the 1999 versus 1998 comparison, net sales absent currency fluctuations would have increased 16%.
- Asia continued a positive trend as both units and revenue increased year-over-year. Unit shipments are currently expected to increase between 5% and 8% in 2001.

GROSS MARGIN

The consolidated gross margin percentage in 2000 declined 1.2 percentage points versus 1999 due primarily to global pricing pressures and higher material costs partially offset by the favorable impact of productivity improvements and pension gains. The gross margin percentage improved by nearly one percentage point in 1999 versus 1998, due primarily to benefits resulting from the restructuring started in 1997 and ongoing productivity improvements from the company's Operational Excellence Program. The table below outlines the gross margin percentages by region.

	2000	Change	1999	Change	1998
GROSS MARGIN					
North America	24.3%	(1.1)pts	25.4%	0.6 pts	24.8%
Europe	23.3	(2.6)	25.9	1.2	24.7
Latin America	22.9	(0.2)	23.1	1.1	22.0
Asia	26.1	1.0	25.1	4.3	20.8
Consolidated	24.1%	(1.2) pts	25.3%	0.9 pts	24.4%

Significant regional trends were as follows:

- North American gross margin declined due to industry-wide price deterioration, unfavorable product and channel mix and increased engineering and product launch expenses. These factors were partially offset by volume increases, ongoing productivity improvements and pension credits.
- European gross margin decreased due to intensified price competition, rising material costs and slowing demand. In the 1999 versus 1998 comparison, the gross margin improved due to manufacturing efficiencies and lower material costs.
- Latin American gross margin remained level with 1999 as higher material costs were offset by sales tax credits. The gross margin, however, improved throughout the year due to the implementation of price increases and raw material price reductions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELLING, GENERAL AND ADMINISTRATIVE

Consolidated selling, general and administrative expenses as a percent of net sales decreased from 1999 due primarily to pension gains in North America and cost containment efforts in Europe and Brazil offsetting additional spending related to brand strategies. Consolidated selling, general and administrative expenses as a percent of net sales decreased in 1999 versus 1998 due to improvements related to restructuring and a sales allowance reclassification in North America. These improvements were partially offset by \$36 million in pre-tax provisions in Brazil related to credit risk. The table below outlines the selling, general and administrative expenses as a percentage of sales by region.

(millions of dollars)	2000	As a Percentage of Sales	1999	As a Percentage of Sales	1998	As a Percentage of Sales
SELLING, GENERAL & ADMINISTRATIVE EXPENSES						
North America	\$ 825	13.3%	\$ 838	13.6%	\$ 757	13.5%
Europe	386	17.9	443	18.1	465	19.1
Latin America	263	15.4	263	15.8	334	16.0
Asia	76	19.4	76	20.3	78	24.8
Corporate / Other	101	—	133	—	157	—
Consolidated	\$ 1,651	16.0%	\$ 1,753	16.7%	\$ 1,791	17.3%

OTHER INCOME AND EXPENSE

Interest income and sundry income (expense) was \$145 million favorable in 2000 versus 1999 due primarily to the impact of the Brazilian currency devaluation in 1999. This was partially offset by lower interest income in 2000 as the company reduced short term investments. The devaluation of the Brazilian real in the first quarter of 1999 resulted in a \$158 million pre-tax charge to earnings (Whirlpool's share after-tax and minority interest was \$60 million). For the full year 1999, foreign exchange losses related to Brazil totalled \$192 million pre-tax (Whirlpool's share after-tax and minority interest was \$76 million). Interest income and sundry income (expense) for 1999 was unfavorable compared to 1998 primarily due to the Brazilian currency devaluation discussed above and lower interest income in 1999 as the company restructured its Brazilian balance sheet to reduce its exposure to exchange rate fluctuations.

Interest expense increased \$14 million over 1999 due primarily to higher interest rates and higher average debt balances outstanding in 2000. Interest expense decreased \$94 million from 1998 to 1999 due to the restructuring of the Brazilian balance sheet in 1999 in order to reduce the company's exposure to exchange rate fluctuations.

INCOME TAXES

The effective income tax rate was 35% in 2000 versus 37% in 1999 (adjusted for the effect of the Brazilian currency devaluation), and 37% in 1998. The lower effective tax rate for 2000 versus 1999 was primarily due to Brazilian export incentive tax credits utilized during 2000 (discussed under "Financial Conditions and Other Matters"), which are nontaxable. Excluding the impact of these credits, the effective income tax rate in 2000 would have been 38%. Including the Brazilian currency devaluation, the effective income tax rate for 1999 was 38%.

CASH FLOWS

The 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 from operating activities consisting of net earnings from operations adjusted for non-cash operating items such as depreciation and changes in operating assets and liabilities such as receivables, inventories and payables.

Cash provided by operating activities totaled \$445 million in 2000 versus \$801 million in 1999. Cash provided by operations was \$763 million in 1998. The decrease in 2000 versus 1999 was due primarily to an increase in accounts receivable and prepaid pension costs, partially offset by an increase in accounts payable.

INVESTING ACTIVITIES

The principal recurring investing activities are property additions. Net property additions were \$375 million, \$437 million and \$523 million in 2000, 1999 and 1998. The higher spending in 1998 compared with the 2000 and 1999 levels, was primarily due to significant expenditures in Brazil for product renewals and more efficient production methods.

On January 7, 2000, the company completed its tender offer for the outstanding publicly traded shares in Brazil of its subsidiaries Brasmotor and Multibras S.A. Eletrodomesticos (Multibras). In completing the offer, the company purchased additional shares of Brasmotor and Multibras for \$283 million, bringing its equity interest in these companies to approximately 94%. With this additional investment, the company's equity interest in all its Brazilian subsidiaries increased from approximately 55% to approximately 87%.

Refer to Note 2 to the accompanying consolidated financial statements for a discussion of business dispositions and acquisitions during the last three years.

FINANCING ACTIVITIES

Dividends paid to stockholders totaled \$70 million, \$103 million and \$102 million in 2000, 1999 and 1998. The reduction in 2000 was due primarily to the timing of funding for the fourth quarter payment and the reduction in outstanding shares due to the share repurchase program.

On February 15, 2000, the company announced that its Board of Directors approved an extension of the company's stock repurchase program to \$1 billion. The additional \$750 million share repurchase authorization extended the previously authorized \$250 million which was announced on March 1, 1999. The shares are to be purchased on the open market and through privately negotiated sales as the company deems appropriate. Through December 31, 2000, the company had repurchased 11.3 million shares at a cost of \$594 million, of which 8.7 million shares or \$427 million occurred during 2000.

The company's net borrowings increased by \$546 million in 2000, excluding the effect of currency fluctuations. The primary increase was in shorter term notes payable.

The company's net borrowings decreased by \$324 million in 1999 versus 1998, excluding the effect of currency fluctuations. The reduction was in shorter term notes payable and funded through cash generated from operations and existing cash balances in Brazil.

FINANCIAL CONDITION AND OTHER MATTERS

The financial position of the company remains strong, as evidenced by the December 31, 2000 balance sheet. The company's total assets were \$6.9 billion and stockholders' equity was \$1.7 billion at the end of 2000 versus \$6.8 billion and \$1.9 billion respectively at the end of 1999. The decrease in stockholders' equity in 2000 versus 1999 was due primarily to \$427 million of treasury stock purchases (discussed above) offsetting \$271 million of net earnings retention.

The overall debt to invested capital ratio (debt ratio) of 49.4% in 2000 was up from 37.7% in 1999 due primarily to increased short term borrowings combined with a lower stockholders' equity balance. The company's debt continues to be rated investment grade by Moody's Investors Service Inc. (Baa1), Standard and Poor's (BBB+) and Fitch IBCA (A-).

The company has external sources of capital available and believes it has adequate financial resources and liquidity to meet anticipated business needs and to fund future growth opportunities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On May 5, 2000, the company issued \$325 million of 8.6% debentures maturing in 2010, which was partially offset by the maturity on June 15, 2000 of \$200 million in 9.5% debentures.

In December 2000, the company announced a global restructuring plan that when fully implemented is currently expected to result in pre-tax charges of between \$300 and \$350 million and annualized savings of between \$225 and \$250 million. The plan is expected to eliminate approximately 6,000 positions worldwide and will be announced in phases over the next four quarters. The company expects the first phase of this restructuring will include the elimination of more than 2,000 positions worldwide and result in a charge against first quarter 2001 earnings of approximately \$75 million. The company expects this phase of the restructuring to result in 2001 savings of approximately \$35 million.

In December 1996, Multibras and Empresa Brasileira de Compressores S.A. (Embraco), Brazilian subsidiaries, obtained a favorable decision with respect to additional export incentives in connection with the Brazilian government's export incentive program (Befiex). These incentives were worth approximately \$420 million as of December 31, 2000. The company recognized \$52 million (Whirlpool's share after minority interest was \$49 million) of Befiex credits in 2000 as a reduction of current excise taxes payable and therefore an increase in net sales.

During 1999, the company recorded \$58 million pre-tax (Whirlpool's share after-tax and minority interest was \$20 million) of recovered Brazilian sales taxes paid in prior years under a Brazilian law which was successfully challenged in the courts. The company recorded \$42 million pre-tax (Whirlpool's share after-tax and minority interests was \$15 million) of Befiex credits in 1998.

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 impact its operating results and overall financial condition. The company 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 entered into with a diversified group of investment grade counterparties to reduce the company's exposure to nonperformance on such instruments. The company's sensitivity analysis reflects the effects of changes in market risk but does not factor in potential business risks.

The company manages a portfolio of domestic and cross currency interest rate swaps that effectively convert U.S. Dollar (USD) denominated debt into that of various European currencies. Through May 15, 2000, such local currency denominated debt served as an effective hedge against the company's European cash flows and net assets. On May 15, 2000, the company redesignated these contracts as hedges of the net investment in its European operations and entered into offsetting Euro denominated currency swaps, effectively locking in an approximate \$221 million positive position on the previously referenced cross currency interest rate swaps. This positive cash position will be realized as the contracts mature in 2002 and 2004. (Refer to Notes 1 and 6 for the accounting treatment for, and a detailed description of, these instruments).

Cross currency interest rate swaps are generally sensitive to changes in foreign currency exchange rates and interest rates. However, the company entered into offsetting forward currency contracts to effectively eliminate any material gain or loss on the swaps due to changes in European currencies. As of December 31, 2000, a ten percent shift in interest rates alone to each swap would have resulted in an incremental unrealized gain or loss of \$4 million. In September 2000, the company entered into additional domestic interest rate swaps which effectively neutralized any potential interest rate impact from the existing portfolio of domestic interest rate swaps.

The company uses foreign currency forward contracts and options from time to time 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. At December 31, 2000, a ten percent unfavorable exchange rate movement in the company's portfolio of foreign currency forward contracts would have resulted in an incremental unrealized loss of \$66 million, while a ten percent favorable shift would have resulted in an incremental unrealized gain of \$63 million. Consistent with the use of these contracts, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the remeasurement of the underlying transactions.

The company uses commodity swap contracts to hedge the price risk associated with firmly committed and forecasted commodities purchases which are not hedged by contractual means directly with suppliers. As of December 31, 2000, a ten percent shift in commodity prices would have resulted in an incremental \$2 million gain or loss related to these contracts.

During the first quarter of 2000, the company sold put options, which give the purchaser the right to sell shares of the company's stock to the company at a specified price. The put option contracts allow the company to determine the method of settlement. The company's objective in selling put options is to reduce the average price of repurchased shares. During 2000, the company received \$4 million of premiums from the sale of put options. As of December 31, 2000, there were 702,800 put options outstanding with an average strike price of \$52.16, per share all of which expire in 2001.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138, which established new accounting and reporting standards for derivative instruments. These rules require that all derivative instruments be reported in the consolidated financial statements at fair value. Changes in the fair value of derivatives will be recorded each period in earnings or other comprehensive income, depending on whether the derivative is designated and effective as part of a hedged transaction, and on the type of hedge transaction. Gains or losses on derivative instruments reported in other comprehensive income must be reclassified as earnings in the period in which earnings are affected by the underlying hedged item, and the ineffective portion of all hedges must be recognized in earnings in the current period. These new standards may result in additional volatility in reported earnings, other comprehensive income and accumulated other comprehensive income. These rules became effective for the company on January 1, 2001. The company will record the effect of the transition to these new accounting requirements as a change in accounting principle in the first quarter of 2001. The transition adjustment to adopt SFAS 133 will result in \$8 million of income, net of tax, from the cumulative effect of a change in accounting principle, and an \$11 million decrease, net of tax, in stockholders' equity in the company's financial statements for the quarter ending March 31, 2001.

EURO CURRENCY CONVERSION

On January 1, 1999, eleven member nations of the European Union began the conversion to a common currency, the "euro." The company has significant manufacturing operations and sales in these countries. The introduction of the euro has eliminated transaction gains and losses within participating countries and there currently has not been any significant impact on operating results from the change over to the euro.

Internal computer system and business processes are being changed to accommodate the new currency and the company established a cross-functional team, guided by an executive-level steering committee, to address these issues. The company estimates that all of the Euro countries will be converted in various steps to the Euro currency by the end of 2001. The total cost of the Euro conversion program will be approximately \$3 million.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the company. Management's Discussion and Analysis and other sections of this report may contain forward-looking statements that reflect our current views with respect to future events and financial performance.

Certain statements contained in this annual report and other written and oral statements made from time to time by the company do not relate strictly to historical or current facts. As such, they are considered "forward-looking statements" which provide current expectations or forecasts of future events. Such statements can be identified by the use of terminology such as "anticipate," "believe," "estimate," "expect," "intend," "may," "could," "possible," "plan," "project," "will," "forecast," and similar words or expressions. The company's forward-looking statements generally relate to its growth strategies, financial results, product development, and sales efforts. These forward-looking statements should be considered with the understanding that such statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially.

Many factors could cause actual results to differ materially from the company's forward-looking statements. Among these factors are: (1) competitive pressure to reduce prices; (2) the ability to gain or maintain market share in an intensely competitive global market; (3) the success of our global strategy to develop brand differentiation and brand loyalty; (4) our ability to control operating and selling costs and to maintain profit margins during industry downturns; (5) the success of our Brazilian businesses operating in a challenging and volatile environment; (6) continuation of our strong relationship with Sears, Roebuck and Co. in North America which accounted for approximately 20% of our consolidated net sales of \$10.3 billion in 2000; (7) currency exchange rate fluctuations in Latin America, Europe, and Asia that could affect our consolidated balance sheet and income statement; (8) social, economic, and political volatility in developing markets; (9) worsening of the economic downturn in North America; (10) changes in North America's consumer preferences regarding how appliances are purchased; and (11) the effectiveness of the series of restructuring actions the company anticipates taking through 2002.

The company undertakes no obligation to update every forward-looking statement, and investors are advised to review disclosures by the company in our filings with the Securities and Exchange Commission. It is not possible to foresee or identify all factors that could cause actual results to differ from expected or historic results. Therefore, investors should not consider the foregoing factors to be an exhaustive statement of all risks, uncertainties, or factors that could potentially cause actual results to differ.

CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31 (millions of dollars, except per share data)	2000	1999	1998
NET SALES	\$ 10,325	\$ 10,511	\$ 10,323
EXPENSES			
Cost of products sold	7,838	7,852	7,805
Selling, general and administrative	1,651	1,753	1,791
Intangible amortization	29	31	39
	9,518	9,636	9,635
Operating Profit	807	875	688
OTHER INCOME (EXPENSE)			
Interest income and sundry	(50)	(195)	136
Interest expense	(180)	(166)	(260)
Earnings before income taxes and other items	577	514	564
Income taxes	200	197	209
Earnings from continuing operations before equity earnings and minority interests	377	317	355
Equity in affiliated companies	3	(4)	1
Minority interests	(13)	34	(46)
Earnings from continuing operations	367	347	310
Gain on disposal from discontinued operations (less applicable taxes)	—	—	15
Net Earnings	\$ 367	\$ 347	\$ 325
PER SHARE OF COMMON STOCK:			
Basic earnings from continuing operations	\$ 5.24	\$ 4.61	\$ 4.09
Basic net earnings	5.24	4.61	4.29
Diluted earnings from continuing operations	\$ 5.20	\$ 4.56	\$ 4.06
Diluted net earnings	5.20	4.56	4.25
Dividends	\$ 1.36	\$ 1.36	\$ 1.36
WEIGHTED-AVERAGE SHARES OUTSTANDING: (MILLIONS)			
Basic	70.2	75.2	75.8
Diluted	70.6	76.0	76.5

See notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

December 31 (millions of dollars)	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 114	\$ 261
Trade receivables, less allowances (2000: \$103, 1999: \$124)	1,748	1,477
Inventories	1,119	1,065
Prepaid expenses	54	39
Deferred income taxes	50	88
Other current assets	152	247
Total Current Assets	3,237	3,177
OTHER ASSETS		
Investment in affiliated companies	113	112
Intangibles, net	762	795
Deferred income taxes	253	247
Prepaid pension costs	141	45
Other assets	262	272
	1,531	1,471
PROPERTY, PLANT AND EQUIPMENT		
Land	64	70
Buildings	838	863
Machinery and equipment	4,374	4,249
Accumulated depreciation	(3,142)	(3,004)
	2,134	2,178
Total Assets	\$ 6,902	\$ 6,826
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 961	\$ 444
Accounts payable	1,257	1,081
Employee compensation	256	300
Deferred income taxes	103	60
Accrued expenses	590	594
Restructuring costs	5	39
Other current liabilities	102	149
Current maturities of long-term debt	29	225
Total Current Liabilities	3,303	2,892
OTHER LIABILITIES		
Deferred income taxes	175	157
Postemployment benefits	630	612
Product warranty	48	43
Other liabilities	49	60
Deferred income	71	65
Long-term debt	795	714
	1,768	1,651
MINORITY INTERESTS	147	416
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value: 250 million shares authorized	84	84
Paid-in capital	393	374
Retained earnings	2,539	2,268
Unearned restricted stock	(11)	(6)
Accumulated other comprehensive income	(495)	(443)
Treasury stock – 18 and 9 million shares at cost in 2000 and 1999	(826)	(410)
	1,684	1,867
Total Liabilities and Stockholders' Equity	\$ 6,902	\$ 6,826

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (millions of dollars)	2000	1999	1998
OPERATING ACTIVITIES			
Net earnings	\$ 367	\$ 347	\$ 325
Depreciation	371	386	399
Deferred income taxes	74	29	26
Equity in net earnings (loss) of affiliated companies, less dividends received	(3)	4	(1)
Gain on business dispositions	—	—	(25)
Provision for doubtful accounts	13	37	29
Amortization of goodwill	29	31	39
Restructuring charges, net of cash paid	(43)	(73)	(99)
Minority interests	13	(34)	46
Changes in assets and liabilities, net of effects of business acquisitions and dispositions:			
Trade receivables	(348)	(41)	(184)
Inventories	(80)	(52)	73
Accounts payable	221	106	89
Prepaid pension costs	(96)	(8)	(1)
Other – net	(73)	69	47
Cash Provided by Operating Activities	\$ 445	\$ 801	\$ 763
INVESTING ACTIVITIES			
Net additions to properties	\$ (375)	\$ (437)	\$ (523)
Acquisitions of businesses, less cash acquired	(283)	—	(121)
Business dispositions	—	—	587
Cash (Used for) Investing Activities	\$ (658)	\$ (437)	\$ (57)
FINANCING ACTIVITIES			
Proceeds of short-term borrowings	\$ 29,506	\$ 15,479	\$ 19,141
Repayments of short-term borrowings	(28,878)	(15,841)	(19,519)
Proceeds of long-term debt	326	152	290
Repayments of long-term debt	(408)	(175)	(306)
Dividends	(70)	(103)	(102)
Purchase of treasury stock	(427)	(167)	—
Redemption of preferred stock	—	—	(40)
Other	27	59	(83)
Cash Provided by (Used for) Financing Activities	\$ 76	\$ (596)	\$ (619)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ (10)	\$ (143)	\$ (29)
Increase (Decrease) in Cash and Equivalents	\$ (147)	\$ (375)	\$ 58
Cash and Equivalents at Beginning of Year	\$ 261	\$ 636	\$ 578
Cash and Equivalents at End of Year	\$ 114	\$ 261	\$ 636

See notes to consolidated financial statements

**CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY**

(millions of dollars)	Common Stock	Treasury Stock / Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balances, January 1, 1998	\$ 82	\$ 37	\$ (149)	\$ 1,801	\$ 1,771
Comprehensive income					
Net income				325	325
Foreign currency items, net of tax (benefit) of \$(18)			(34)		(34)
Comprehensive income					291
Common stock issued	1	40			41
Dividends declared on common stock				(102)	(102)
Balances, December 31, 1998	\$ 83	\$ 77	\$ (183)	\$ 2,024	\$ 2,001
Comprehensive income					
Net income				347	347
Foreign currency items, net of tax of \$41			(260)		(260)
Comprehensive income					87
Common stock repurchased		(167)			(167)
Common stock issued	1	48			49
Dividends declared on common stock				(103)	(103)
Balances, December 31, 1999	\$ 84	\$ (42)	\$ (443)	\$ 2,268	\$ 1,867
Comprehensive income					
Net income				367	367
Foreign currency items, net of tax of \$18			(52)		(52)
Comprehensive income					315
Common stock repurchased		(427)			(427)
Common stock issued		25			25
Dividends declared on common stock				(96)	(96)
Balances, December 31, 2000	\$ 84	\$ (444)	\$ (495)	\$ 2,539	\$ 1,684

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note > **01** SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

NATURE OF OPERATIONS

Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances. The company manufactures in 13 countries under 11 major brand names and markets products to distributors and retailers in more than 170 countries.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all majority-owned subsidiaries. Investments in affiliated companies, consisting principally of a 49% direct voting interest in a Mexican company (Vitromatic, S.A. de C.V.) and direct voting interests ranging from 20% to 40% in several other international companies, principally engaged in the manufacture and sale of major home appliances or related component parts, are accounted for by the equity method. All intercompany transactions have been eliminated upon consolidation.

USE OF ESTIMATES

Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

REVENUE RECOGNITION

Sales are recorded when product is shipped and title passes to distributors or directly to retailers.

FREIGHT AND WAREHOUSING COSTS

Freight-out and warehousing costs are included in selling, general and administrative expenses in the statements of earnings and were \$470 million, \$430 million and \$402 million in 2000, 1999 and 1998.

CASH AND EQUIVALENTS

All highly liquid debt instruments purchased with a maturity of three months or less are considered cash equivalents.

INVENTORIES

Inventories are stated at first-in, first-out (FIFO) cost, except U.S. production inventories which are stated at last-in, first-out (LIFO) cost and Brazilian inventories which are stated at average cost. Costs do not exceed realizable values.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation of plant and equipment is computed using the straight-line method based on the estimated useful lives of the assets.

INTANGIBLES

The cost of business acquisitions in excess of net tangible assets acquired is amortized on a straight-line basis principally over 40 years. Non-compete agreements are amortized on a straight-line basis over the terms of the agreements. Accumulated amortization totaled \$295 million and \$266 million at December 31, 2000 and 1999. Should circumstances indicate the potential impairment of goodwill, the company would compare the carrying amount against related estimated undiscounted future cash flows to determine if a write-down to market value or discounted cash flow value is required.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to expense as incurred. Such costs were \$254 million, \$210 million and \$209 million in 2000, 1999 and 1998.

ADVERTISING COSTS

Advertising costs are charged to expense as incurred. Such costs were \$191 million, \$164 million and \$179 million in 2000, 1999 and 1998.

FOREIGN CURRENCY TRANSLATION

The functional currency of the company's international subsidiaries and affiliates is the local currency.

DERIVATIVE FINANCIAL INSTRUMENTS

The company uses derivative financial instruments to manage the economic impact of fluctuations in interest rates, foreign currency exchange rates and commodity prices. To achieve this, the company enters into interest rate and cross currency interest rate swaps, foreign currency forward contracts and options, and commodity swaps.

The company has used interest rate and cross currency interest rate swaps to effectively convert a portion of the company's U.S. dollar denominated debt into various European currencies. The company's investment in Europe and the foreign currency portion of these cross currency interest rate swaps were revalued in dollar terms each period to reflect current foreign currency exchange rates with gains and losses recorded in the equity section of the balance sheet. To the extent the notional amounts of these contracts exceeded the company's investment in Europe, the related mark-to-market gains and losses were reflected in earnings. The amounts receivable from or payable to counterparties to the swaps, offsetting the gains and losses recorded in equity or earnings, are recorded in long-term debt.

The company also uses domestic interest rate swaps to manage the duration and interest rate characteristics of its outstanding debt. The interest component of the swaps, which overlay a portion of the company's interest payments on outstanding debt, is not carried at fair value in the financial statements. The interest differential paid or received is recognized as an adjustment to interest expense. Gains and losses on the interest component of terminated swaps are deferred in noncurrent liabilities and amortized as an adjustment to interest expense over the remaining term of the original swap. In the event of early extinguishment of debt, any realized or unrealized gains or losses from related swaps would be recognized in income concurrent with the extinguishment.

The company also uses foreign currency forward contracts to hedge payments due on cross currency interest rate swaps and intercompany loans and, along with foreign currency options, to hedge material purchases, intercompany shipments and other commitments. In addition, the company hedges a portion of its contractual requirements of certain commodities with commodity swaps. These contracts are not carried at fair value in the financial statements as the related gains and losses are recognized in the same period and classified in the same manner as the underlying transactions. Any gains and losses on terminated contracts are deferred in current liabilities until the underlying transactions occur.

The company deals only with investment-grade counterparties to these contracts and monitors its overall credit risk and exposure to individual counterparties. The company does not anticipate nonperformance by any counterparties. The amount of the exposure is generally the unrealized gains in such contracts. The company does not require, nor does it post, collateral or security on such contracts.

The net transaction losses recognized in other income, including the gains and losses from those contracts not qualifying as hedges, was \$17 million in 2000, \$201 million in 1999 due primarily to the Brazilian currency devaluation and \$12 million in 1998.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138, which established new accounting and reporting standards for derivative instruments. These rules require that all derivative instruments be reported in the consolidated financial statements at fair value. Changes in the fair value of derivatives will be recorded each period in earnings or other comprehensive income, depending on whether the derivative is designated and is effective as part of a hedged transaction, and on the type of hedge transaction. Gains or losses on derivative instruments reported in other comprehensive income must be reclassified as earnings in the period in which earnings are affected by the underlying hedged item, and the ineffective portion of all hedges must be recognized in earnings in the current period. These new standards may result in additional volatility in reported earnings, other comprehensive income and accumulated other comprehensive income. These rules became effective for the company on January 1, 2001. The company will record the effect of the transition to these new accounting requirements as a change in accounting principle in the first quarter of 2001. The transition adjustment to adopt SFAS 133 will result in \$8 million of income, net of tax, from the cumulative effect of a change in accounting principle, and an \$11 million decrease, net of tax, in stockholders' equity in the company's financial statements for the quarter ending March 31, 2001.

NET EARNINGS PER COMMON SHARE

Diluted net earnings per share of common stock includes the dilutive effect of stock and put options.

RECLASSIFICATIONS

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

Note > 02 BUSINESS ACQUISITIONS AND DISPOSITIONS

On January 7, 2000, the company completed its tender offer for the outstanding publicly traded shares in Brazil of its subsidiaries Brasmotor S.A. (Brasmotor) and Multibras S.A. Eletrodomesticos (Multibras). In completing the offer, the company purchased additional shares of Brasmotor and Multibras for \$283 million bringing its equity interest in these companies to approximately 94%. Including Embraco, the company's equity interest in its Brazilian subsidiaries increased from approximately 55% to approximately 87%. During 1998, the company increased its ownership stake in its Brazilian subsidiaries by purchasing \$43 million of additional shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In September 1998, the company completed a transaction to sell 75% of its majority-owned air conditioning joint venture in Shenzhen, China, for \$13 million, to Electra Consumer Products Ltd., a leading European manufacturer of air conditioners. Shenzhen Whirlpool Raybo Air-Conditioner Industrial Co. Ltd. is a joint venture that was formed in 1995. After completion of the sale, the company holds 20% of the joint venture. The joint venture continues to sell products under the *Whirlpool* brand in China until October 2001 while it introduces the *Electra* brand. No significant gain or loss was recognized from this transaction.

In July 1998, the company purchased the remaining 35% ownership in Shunde SMC Microwave Products Co., Ltd. (SMC), a Chinese manufacturer and marketer of microwave ovens, for approximately \$60 million in cash.

In March 1998, the company increased its majority ownership interest to 80% in Whirlpool Narcissus Co., its Chinese joint venture that manufactures washing machines, for approximately \$12 million in cash.

The above acquisitions have been accounted for as purchases and their operating results have been consolidated with the company's results since the dates of acquisition. The proforma consolidated net earnings for 2000, 1999, and 1998, had the 2000 Brazil purchases been made on January 1, 1998, would have been \$367 million, \$311 million and \$352 million, respectively. The proforma impact would have been reflected through a lower minority interests share.

Note > 03 DISCONTINUED OPERATIONS

In 1997, the company discontinued its financing operations and reached an agreement to sell the majority of the assets of Whirlpool Financial Corporation (WFC) in a series of transactions, most of which were completed during 1997. Sales of the following WFC assets were completed in 1998: international factoring assets, consumer financing receivable assets, certain aerospace financing assets and European inventory financing assets. These transactions resulted in the company recording a pretax gain of \$25 million (\$15 million after-tax) in discontinued operations. The consolidated financial statements reflect this business as a discontinued operation.

Note > 04 INVENTORIES

December 31 (millions of dollars)	2000	1999
Finished products	\$ 956	\$ 932
Work in process	57	48
Raw materials	257	253
	1,270	1,233
Less excess of FIFO cost over LIFO cost	151	168
Total inventories	\$ 1,119	\$ 1,065

LIFO inventories represent approximately 33% and 28% of total inventories at December 31, 2000 and 1999.

Note > 05 FINANCING ARRANGEMENTS

The company utilizes uncommitted credit lines from banks and commercial paper in the normal course of funding its short-term needs. At December 31, 2000, the company had committed bank credit lines of \$1.1 billion that were undrawn at year-end and had maturities ranging from four to thirteen months. The banks are compensated for their credit lines by fees. These committed credit lines are available to ensure the company has access to adequate and competitive funding under unusual market conditions.

Short term debt and notes payable consist of the following:

December 31 (millions of dollars)	2000	1999
Payable to banks	\$ 414	\$ 353
Commercial paper	526	80
Other	21	11
Total	\$ 961	\$ 444

The weighted average interest rate on short term debt and notes payable was 8.10% and 6.86% at December 31, 2000 and 1999.

Although most of its assets have been divested, WFC remains a legal entity with assets consisting primarily of leveraged leases and other financing assets. WFC also has preferred stock outstanding which is included within minority interests in the consolidated balance sheet, as follows:

	Number of Shares	Face Value	Annual Dividend	Mandatory Redemption Date	Date of Issuance
Series B	350,000	\$ 100	\$ 6.55	9/1/2008	8/31/1993
Series C	250,000	\$ 100	\$ 6.09	2/1/2002	12/27/1996

The preferred stockholders are entitled to vote together on a share-for-share basis with WFC's common stockholder, Whirlpool. Preferred stock dividends are payable quarterly. At its option, WFC may redeem the Series B at any time on or after September 1, 2003 and may redeem Series C at any time. The redemption price for each series is \$100 per share plus any accrued unpaid dividends and the applicable redemption premium if redeemed early. Commencing September 1, 2003, WFC must pay \$1,750,000 per year to a sinking fund for the benefit of the Series B preferred stockholders, with a final payment of \$26,250,000 due on or before September 1, 2008. There is no sinking fund requirement for the Series C preferred stock.

The company and WFC are parties to a support agreement. Pursuant to the agreement, if at the close of any quarter WFC's net earnings available for fixed charges (as defined) for the preceding twelve months is less than a stipulated amount, the company is required to make a cash payment to WFC equal to the insufficiency within 60 days of the end of the quarter. The support agreement may be terminated by either WFC or the company upon 30 days notice provided that certain conditions are met. The company has also agreed to maintain ownership of at least 70% of WFC's voting stock.

Long-term debt consists of the following:

December 31 (millions of dollars)	Maturity	Interest Rate	2000	1999
Debentures	2008 and 2016	7.8 and 9.1%	\$ 368	\$ 368
Senior notes	2003 and 2010	8.6 and 9.0%	525	400
Medium-term notes	2001 to 2006	8.9 to 9.1%	21	21
Mortgage notes	2001 to 2012	6.3 to 6.6%	59	62
Brazilian bank note	2001 to 2004	12.1%	—	92
Other			72	137
			1,045	1,080
Less cross currency interest rate swap adjustments			221	141
Less current maturities			29	225
Total long-term debt, net			\$ 795	\$ 714

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Annual maturities of long-term debt in the next five years are \$29 million, \$40 million, \$219 million, \$20 million and \$8 million.

The company paid interest, including a portion recorded as discontinued operations in 1998, on short-term and long-term debt totaling \$181 million, \$151 million and \$290 million in 2000, 1999 and 1998.

Note > 06 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used in estimating fair values of financial instruments:

CASH AND EQUIVALENTS AND NOTES PAYABLE

The carrying amounts approximate fair values.

LONG-TERM DEBT AND WFC PREFERRED STOCK

The fair values are estimated using discounted cash flow analysis based on incremental borrowing or dividend yield rates for similar types of borrowing or equity arrangements. The WFC preferred stock carrying amount approximates fair value.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of interest rate swaps, cross currency interest rate swaps, foreign currency forward contracts and commodity swaps are estimated by discounting future cash flows based on market rates.

The carrying amounts and fair values of financial instruments for which the fair value does not approximate the carrying amount are as follows:

	2000		1999	
December 31 (millions of dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including current portion)	\$ 1,045	\$ 1,108	\$ 1,080	\$ 1,098
Derivative financial instruments (notional amounts indicated):				
Interest rate and cross currency interest rate swaps (\$1,194 million in 2000; \$1,026 million in 1999)	(221)	(211)	(141)	(101)
Domestic interest rate swaps (\$200 million in 2000; \$120 million in 1999)	—	—	—	(1)
Transaction hedges:				
Foreign currency forward and option contracts (\$645 million in 2000; \$751 million in 1999)	2	1	—	12
Commodity swaps (\$20 million in 2000; \$14 million in 1999)	—	—	—	(2)

The company manages a portfolio of cross currency interest rate swaps that serve to effectively convert U.S. Dollar (USD) denominated debt into that of various European currencies. Through May 15, 2000, such local currency denominated debt served as an effective hedge against the European cash flows and net assets that existed. In May 2000, the company undesignated these contacts as hedges of the net investment in its European operations and entered into offsetting Euro denominated currency swaps, effectively locking in an approximate \$221 million positive position on the previously referenced cross currency interest rate swaps. The positive cash position will be realized as the contracts mature in 2002 and 2004.

In September 2000, the company's domestic interest rate swap portfolio was effectively neutralized when the company entered into new interest rate swaps that exactly offset the original contracts. All of the company's interest rate swaps mature within the next twelve months.

Foreign currency forward contracts mature within one day to two years and involve principally European, Brazilian and North American currencies. Copper and aluminum commodity swaps mature within two years.

Note > 07 STOCKHOLDERS' EQUITY

On February 15, 2000, the company announced that its Board of Directors approved an extension of the company's stock repurchase program to \$1 billion. The additional \$750 million share repurchase authorization extends the previously authorized \$250 million repurchase program which was announced March 1, 1999. The shares are to be purchased in the open market and through privately negotiated sales as the company deems appropriate. The company has purchased a total of 11.3 million shares at a cost of \$594 million through December 31, 2000 under the share repurchase program, of which 8.7 million shares or \$427 million occurred during 2000.

During the first quarter of 2000, the company sold put options, which give the purchaser the right to sell shares of the company's stock to the company at a specified price. The put option contracts allow the company to determine the method of settlement. The company's objective in selling put options is to reduce the average price of repurchased shares. During 2000, the company received \$4 million of premiums from the sale of put options which is included as a component of paid-in capital on the Statement of Changes in Stockholders' Equity. As of December 31, 2000, there were 702,800 put options outstanding with an average strike price of \$52.16 per share, all of which expire in 2001.

In addition to its common stock, the company has 10 million authorized shares of preferred stock (par value \$1 per share), none of which is outstanding.

Consolidated retained earnings at December 31, 2000 included \$20 million of equity in undistributed net earnings of affiliated companies.

The cumulative translation component of stockholders' equity represents the effect of translating net assets of the company's international subsidiaries offset by related hedging activity, net of tax, and is included as a component of other comprehensive income on the Statement of Changes in Stockholders' Equity. Stock option transactions, restricted stock grants and put options account for the changes in paid-in capital.

PREFERRED STOCK PURCHASE RIGHTS

One Preferred Stock Purchase Right is outstanding for each share of common stock. The Rights, which expire May 22, 2008, will become exercisable 10 days after a person or group (an Acquiring Person) has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding common stock (the Trigger Date) or 10 business days after the commencement of, or public disclosure of an intention to commence, a tender offer or exchange offer by a person that could result in beneficial ownership of 15% or more of the outstanding common stock. Each Right entitles the holder to purchase from the company one one-thousandth of a share of a Junior Participating Preferred Stock, Series B, par value \$1.00 per share, of the company at a price of \$300 per one one-thousandth of a Preferred Share subject to adjustment.

If a person becomes an Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights that are or were beneficially owned by the Acquiring Person (which will thereafter be void), shall thereafter have the right to receive upon exercise of such Right that number of shares of common stock (or other securities) having at the time of such transaction a market value of two times the exercise price of the Right. If a person becomes an Acquiring Person and the company is involved in a merger or other business combination transaction where the company is not the surviving corporation or where common stock is changed or exchanged or in a transaction or transactions in which 50% or more of its consolidated assets or earning power are sold, proper provision shall be made so that each holder of a Right (other than such Acquiring Person) shall thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the exercise price of the Right. In addition, if an Acquiring Person does not have beneficial ownership of 50% or more of the common stock, the company's Board of Directors has the option of exchanging all or part of the Rights for an equal number of shares of common stock in the manner described in the Rights Agreement.

Prior to the Trigger Date, the Board of Directors of the company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right, payable in cash, shares of common stock or any other consideration deemed appropriate by the Board of Directors. Immediately upon action of the Board of Directors ordering redemption of the Rights, the ability of holders to exercise the Rights will terminate and such holders will only be able to receive the redemption price.

Until such time as the Rights become exercisable, the Rights have no voting or dividend privileges and are attached to, and do not trade separately from, the common stock.

The company covenants and agrees that it will cause to be reserved and kept available at all times a sufficient number of shares of Preferred Stock (and following the occurrence of a Triggering Event, shares of common stock and/or other securities) to permit the exercise in full of all Rights from time to time outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note > **08** STOCK OPTION AND INCENTIVE PLANS

Stock option and incentive plans are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related Interpretations. Generally, no compensation expense is recognized for stock options with exercise prices equal to the market value of the underlying shares of stock at the date of grant. Compensation expense is recognized for ESAP, RSVP, SIRP and CSP awards based on the market value of the underlying shares of stock when the number of shares is determinable.

The company's stock option and incentive plans permit the grant of stock options and other stock awards covering up to 11.5 million shares to key employees of the company and its subsidiaries, of which 4.0 million shares are available for grant at December 31, 2000. The plans authorize the grant of both incentive and non-qualified stock options and, further, authorize the grant of stock appreciation rights and related supplemental cash payments independently of or with respect to options granted or outstanding, as well as restricted and phantom shares. Stock options generally have 10 year terms, and vest and become fully exercisable over a two to three year period after date of grant. An Executive Stock Appreciation and Performance Program (ESAP), a Restricted Stock Value Program (RSVP), a Career Stock Program (CSP), a Key Employee Retention Program (KERP) and a Special Incentive and Retention Program (SIRP) have been established under the plans. Performance awards under ESAP, RSVP and KERP are generally earned over multi-year time periods upon the achievement of certain performance objectives or upon a change in control of the company. CSP and SIRP awards are earned at specified dates during a participant's career with the company or upon change in control of the company. ESAP awards are payable in cash, common stock, or a combination thereof when earned. RSVP, KERP and SIRP grant restricted shares, which may not be sold, transferred or encumbered until the restrictions lapse. CSP grants phantom stock awards which are redeemable for shares of the company's common stock upon the recipient's retirement after attaining age 60 and are subject to certain noncompetition provisions. Outstanding restricted and phantom shares totaled 770,000 with a weighted-average grant-date fair value of \$50.35 per share at December 31, 2000 and 847,000 with a weighted-average grant-date fair value of \$51.12 per share at December 31, 1999. Expenses under the plan were \$1 million, \$8 million and \$17 million in 2000, 1999 and 1998.

Under the Nonemployee Director Stock Ownership Plan, each nonemployee director is automatically granted 400 shares of common stock annually and is eligible for a stock option grant of 600 shares if the company's earnings meet a prescribed earnings formula. In addition, each nonemployee director is awarded annually deferred compensation in the form of 400 shares of phantom stock, which is converted into common stock on a one-for-one basis and paid when the director leaves the Board. This plan provides for the grant of up to 300,000 shares as either stock or stock options, of which 174,000 shares are available for grant at December 31, 2000. The stock options vest and become exercisable six months after date of grant. There were no significant expenses under this plan for 2000, 1999 or 1998.

The company maintains an employee stock option plan (PartnerShare) that may grant substantially all full-time U.S. employees a fixed number of stock options that vest over a three year period and may be exercised over a 10 year period. PartnerShare authorizes the grant of up to 2.5 million shares of which 470,000 shares are available for grant at December 31, 2000.

Had the company elected to adopt the recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," under which stock options are accounted for at estimated fair value, proforma net earnings and diluted net earnings per share would be as follows:

December 31 (millions of dollars)	2000	1999	1998
Net earnings:			
As reported	\$ 367	\$ 347	\$ 325
Proforma	355	338	318
Diluted net earnings per share:			
As reported	\$ 5.20	\$ 4.56	\$ 4.25
Proforma	5.03	4.44	4.16

The fair value of stock options used to compute proforma net earnings and diluted net earnings per share disclosures is the estimated value at grant date using the Black-Scholes option-pricing model with the following assumptions for 2000, 1999 and 1998: expected volatility factor of .286, .255 and .216; dividend yield of 2.7%, 2.2% and 2.4%; risk-free interest rate of 5.1%, 6.4% and 4.5% and a weighted-average expected option life of 5 years for all three years.

A summary of stock option information follows:

December 31 (thousands of shares, except per share data)	2000		1999		1998	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1	4,605	\$ 52.21	4,120	\$ 50.59	4,230	\$ 47.06
Granted	2,222	47.59	1,629	53.19	919	61.83
Exercised	(190)	42.23	(960)	46.35	(770)	44.88
Canceled or expired	(200)	53.83	(184)	55.30	(259)	49.81
Outstanding at December 31	6,437	\$ 50.86	4,605	\$ 52.21	4,120	\$ 50.59
Exercisable at December 31	3,545	\$ 52.44	2,611	\$ 50.14	2,534	\$ 47.65
Fair value of options granted during the year		\$ 12.23		\$ 14.59		\$ 12.67

Of the outstanding options at December 31, 2000, 1,616,000 options, of which 843,000 are exercisable at a weighted-average price of \$42.78, have exercise prices ranging from \$34.94 to \$49.09 and a weighted-average remaining life of 7.1 years. The remaining 4,821,000 outstanding options, of which 2,702,000 are exercisable at a weighted-average price of \$55.45, have exercise prices ranging from \$50.44 to \$72.34 and a weighted-average remaining life of 7.5 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note > 9 INCOME TAXES

Income tax provisions from continuing operations are as follows:

Year ended December 31 (millions of dollars)	2000	1999	1998
Current:			
Federal	\$ 149	\$ 148	\$ 132
State and local	14	25	22
Foreign	34	52	40
	197	225	194
Deferred:			
Federal	26	(2)	10
State and local	3	—	6
Foreign	(26)	(26)	(1)
	3	(28)	15
Total income tax provision	\$ 200	\$ 197	\$ 209

Domestic and foreign earnings (loss) before income taxes and other items from continuing operations are as follows:

Year ended December 31 (millions of dollars)	2000	1999	1998
Domestic	\$ 479	\$ 524	\$ 407
Foreign	98	(10)	157
Total earnings before income taxes and other items	\$ 577	\$ 514	\$ 564

Earnings before income taxes and other items, including discontinued operations (refer to Note 3), were \$577 million, \$514 million and \$589 million for 2000, 1999 and 1998, respectively.

Reconciliations between the U.S. federal statutory income tax rate and the consolidated effective income tax rate for earnings before income taxes and other items from continuing operations are as follows:

Year ended December 31 (millions of dollars)	2000	1999	1998
U.S. federal statutory rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	2.7	5.5	5.3
Nondeductible goodwill amortization	1.0	1.6	1.5
Excess foreign taxes (benefits)	(1.5)	(1.1)	(1.0)
Unrecognized prior year foreign deferred tax assets and carryforwards	(0.6)	(1.7)	(1.9)
Foreign dividends and subpart F income	2.3	2.8	2.2
Foreign government tax incentive	(3.7)	(0.2)	(4.0)
Foreign tax credits	(1.7)	(1.0)	—
Unbenefited operating losses	0.9	2.1	3.3
Permanent differences	0.5	(6.3)	0.8
Other items	(0.2)	1.5	(4.1)
Effective income tax rate	34.7%	38.2%	37.1%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the company's deferred tax liabilities and assets are as follows:

December 31 (millions of dollars)	2000	1999
Deferred tax liabilities:		
Property, plant and equipment	\$ 92	\$ 109
Financial services leveraged leases	122	124
Pensions	67	20
Software costs	26	28
Contested liabilities	23	34
Other	116	108
Total deferred tax liabilities	446	423
Deferred tax assets:		
Postretirement obligation	184	176
Restructuring costs	11	24
Product warranty accrual	25	26
Receivable and inventory allowances	62	81
Loss carryforwards	139	152
Employee compensation	45	45
Other	31	55
Total deferred tax assets	497	559
Valuation allowances for deferred tax assets	(26)	(18)
Deferred tax assets, net of valuation allowances	471	541
Net deferred tax assets	\$ 25	\$ 118

The company has recorded valuation allowances to reflect the estimated amount of net operating loss carryforwards, restructuring costs and other deferred tax assets which may not be realized.

The company provides deferred taxes on the undistributed earnings of foreign subsidiaries and affiliates to the extent such earnings are expected to be remitted. Generally, earnings have been remitted only when no significant net tax liability would have been incurred. No provision has been made for U.S. or foreign taxes that may result from future remittances of the undistributed earnings (\$493 million at December 31, 2000) of foreign subsidiaries and affiliates expected to be reinvested indefinitely. Determination of the deferred income tax liability on these unremitted earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

The company paid income taxes of \$262 million in 2000, \$235 million in 1999 and \$239 million in 1998.

At December 31, 2000, the company has foreign net operating loss carryforwards of \$270 million, which are primarily nonexpiring.

Note > 10 PENSION AND POSTRETIREMENT MEDICAL BENEFITS PLANS

The company maintains contributory or noncontributory defined benefit pension plans covering substantially all North American and Brazilian employees and certain European employees. Benefits are based primarily on compensation during a specified period before retirement or specified amounts for each year of service. The company's present funding policy is to generally make the minimum annual contribution required by applicable regulations. Assets held by the plans consist primarily of listed common stocks and bonds, government securities, investments in trust funds, bank deposits and other investments.

In 2000, the company recognized settlement gains, net of termination costs, of \$39 million. These gains related to the company's Voluntary Retirement Program implemented in North America during the fourth quarter of 2000.

Although the company's pension plans are overfunded on a combined basis by \$658 million as of December 31, 2000 due to the company's U.S. funding policy and higher than expected returns on plan assets in recent years, several plans do not hold or have minimal plan assets, resulting in an underfunded position. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$83 million, \$73 million and \$6 million, respectively, as of December 31, 2000, \$80 million, \$71 million and \$5 million, respectively, as of December 31, 1999, and \$86 million, \$67 million and \$6 million, respectively, as of December 31, 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(millions of dollars)	Pension Benefits		
	2000	1999	1998
Change in benefit obligation:			
Benefit obligations as of January 1	\$ 1,242	\$ 1,344	\$ 1,255
Service cost	48	50	49
Interest cost	101	98	91
Plan participants' contributions	—	1	1
Amendments	11	7	30
Actuarial (gain) loss	38	(114)	28
Benefits paid	(175)	(93)	(86)
Curtailments	—	—	(14)
Special termination benefits	32	(2)	(2)
Foreign currency exchange rate changes	(14)	(49)	(8)
Benefit obligation as of December 31	\$ 1,283	\$ 1,242	\$ 1,344
Change in plan assets:			
Fair value of plan assets as of January 1	\$ 2,201	\$ 1,672	\$ 1,452
Actual return on plan assets	(57)	644	292
Employer contributions	3	12	17
Plan participants' contributions	—	1	1
401 (h) transfer	(20)	—	—
Benefits paid	(175)	(93)	(86)
Foreign currency exchange rate changes	(11)	(35)	(4)
Fair value of plan assets as of December 31	\$ 1,941	\$ 2,201	\$ 1,672
Reconciliation of prepaid (accrued) cost and total amount recognized:			
Funded status as of December 31	\$ 658	\$ 959	\$ 328
Unrecognized actuarial (gain)	(702)	(1,087)	(471)
Unrecognized prior service cost	80	73	71
Unrecognized transition asset	11	11	22
Prepaid (accrued) cost as of December 31	\$ 47	\$ (44)	\$ (50)
Prepaid cost at December 31	\$ 160	\$ 85	\$ 114
Accrued benefit liability at December 31	(123)	(138)	(173)
Intangible asset	1	2	2
Other	9	7	7
Total recognized as of December 31	\$ 47	\$ (44)	\$ (50)
Assumptions as of December 31:			
Discount rate	5.0 to 11.3%	5.0 to 11.3%	5.5 to 9.0%
Expected return on assets	6.0 to 11.3%	6.0 to 11.3%	6.0 to 9.5%
Rate of compensation increase	1.0 to 8.0%	2.5 to 8.0%	2.0 to 8.0%
Components of net periodic benefit cost (credit):			
Service cost	\$ 48	\$ 50	\$ 49
Interest cost	101	98	91
Expected return on plan assets	(178)	(127)	(112)
Recognized actuarial (gain)	(39)	(7)	(8)
Amortization of prior service cost	10	9	9
Amortization of transition asset	(1)	(1)	—
Net periodic benefit cost (credit)	(59)	22	29
Curtailments	—	—	(7)
Special termination benefits	32	(1)	2
Gain on settlements	(71)	—	(3)
Total cost (credit)	\$ (98)	\$ 21	\$ 21

The company also currently sponsors a defined benefit health-care plan that provides postretirement medical benefits to full time U.S. employees who have worked 10 years and attained age 55 while in service with the company. The Plan is currently noncontributory and contains cost-sharing features such as deductibles, coinsurance and a lifetime maximum. The company does not prefund the plan. No significant postretirement medical benefits are provided by the company to non-U.S. employees.

(millions of dollars)	Postretirement Medical Benefits		
	2000	1999	1998
Change in benefit obligation:			
Benefit obligation as of January 1	\$ 414	\$ 428	\$ 388
Service cost	9	10	10
Interest cost	32	30	29
Actuarial (gain) loss	6	(34)	22
Benefits paid	(22)	(20)	(21)
Benefit obligation as of December 31	\$ 439	\$ 414	\$ 428
Change in plan assets:			
Fair value of plan assets as of January 1	\$ —	\$ —	\$ —
Contributions	22	20	21
Benefits paid	(22)	(20)	(21)
Fair value of plan assets as of December 31	\$ —	\$ —	\$ —
Reconciliation of prepaid (accrued) cost and total amount recognized:			
Funded status as of December 31	\$ (439)	\$ (414)	\$ (428)
Unrecognized actuarial (gain) loss	(21)	(27)	8
Prepaid (accrued) cost as of December 31	\$ (460)	\$ (441)	\$ (420)
Prepaid cost at December 31	—	—	—
Accrued benefit liability at December 31	(460)	(441)	(420)
Total recognized as of December 31	\$ (460)	\$ (441)	\$ (420)
Weighted average assumptions as of December 31:			
Discount rate	8.00%	8.00%	7.25%
Medical costs trend rate:			
For year ending December 31	6.00%	7.00%	7.00%
Components of net periodic benefit cost:			
Service cost	\$ 9	\$ 10	\$ 10
Interest cost	32	30	29
Net periodic benefit cost	\$ 41	\$ 40	\$ 39
Total cost	\$ 41	\$ 40	\$ 39

The medical cost trend significantly affects the reported postretirement benefit cost and benefit obligations. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

(millions of dollars)	One Percentage Point Increase	One Percentage Point Decrease
Effect on total service cost and interest cost components	\$ 3	\$ (3)
Effect on postretirement benefit obligation	30	(28)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The U.S. pension plans provide that in the event of a plan termination within five years following a change in control of the company, any assets held by the plans in excess of the amounts needed to fund accrued benefits would be used to provide additional benefits to plan participants. A change in control generally means one not approved by the incumbent board of directors, including an acquisition of 25% or more of the voting power of the company's outstanding stock or a change in a majority of the incumbent board.

The company maintains a 401(k) defined contribution plan covering substantially all U.S. employees. Company matching contributions for domestic hourly and certain other employees under the plan, based on the company's annual operating results and the level of individual participant's contributions, amounted to \$12 million, \$9 million and \$7 million in 2000, 1999 and 1998.

Note > **11** CONTINGENCIES

The company is involved in various legal actions arising in the normal course of business. Management, after taking into consideration 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.

The company is a party to certain financial instruments with off-balance-sheet risk, which are entered into in the normal course of business. These instruments consist of financial guarantees, repurchase agreements and letters of credit. The company's exposure to credit loss in the event of nonperformance by the debtors is the contractual amount of the financial instruments. The company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Collateral or other security is generally required to support financial instruments with off-balance-sheet credit risk.

At December 31, 2000, the company had approximately \$400 million of receivables subject to repurchase provisions and \$106 million in guarantees of customer lines of credit at commercial banks.

At December 31, 2000, the company had noncancelable operating lease commitments totaling \$251 million. The annual future minimum lease payments are detailed in the table below.

(millions of dollars)	Annual Expense	
2001	\$	57
2002		51
2003		37
2004		30
2005		28
Thereafter		48
Total noncancelable operating lease commitments	\$	251

The company's rent expense was \$93 million, \$87 million and \$81 million for the years 2000, 1999 and 1998, respectively.

Note > 12 BUSINESS SEGMENT INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance of the segment.

The company identifies such segments based upon geographical regions of operations because each operating segment manufactures home appliances and related components, but serves strategically different markets. The chief operating decision maker evaluates performance based upon each segment's operating profit, which is defined as income before interest income or interest expense, taxes and minority interests. Intersegment sales and transfers are generally at current market prices, as if the sales or transfers were to third parties. The "Other" segment primarily includes corporate expenses and eliminations.

The company generally evaluates business segments based on net sales, not including intersegment appliance sales. Intersegment sales are included in Other/Eliminations. Total assets are those assets directly associated with the respective operating activities. Other assets consist principally of assets related to corporate activities.

Substantially all of the company's trade receivables are from distributors and retailers.

Sales activity with Sears, Roebuck and Co., a North American major home appliance retailer, represented 20%, 18% and 17% of consolidated net sales in 2000, 1999 and 1998. Related receivables were 22%, 22% and 16% of consolidated trade receivables at December 31, 2000, 1999 and 1998.

The company conducts business in two countries which individually comprised over ten percent of consolidated net sales and total assets within the last three years. The United States represented 55%, 54% and 50% of net sales for 2000, 1999 and 1998, respectively, while Brazil totalled 15%, 15% and 19% for 2000, 1999 and 1998. As a percentage of total assets, the United States accounted for 74%, 65% and 57% at the end of 2000, 1999 and 1998. Brazil accounted for 23%, 24% and 31% of total assets at the end of 2000, 1999 and 1998, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(millions of dollars)	Geographic Segments					Total Whirlpool
	North America	Europe	Latin America	Asia	Other/ Eliminations	
Net sales:						
2000	\$ 6,223	\$ 2,156	\$ 1,706	\$ 390	\$ (150)	\$ 10,325
1999	6,159	2,452	1,668	375	(143)	10,511
1998	5,599	2,439	2,090	313	(118)	10,323
Intangible amortization:						
2000	\$ 3	\$ 13	\$ 3	\$ 5	\$ 5	\$ 29
1999	3	16	2	5	5	31
1998	3	16	6	4	10	39
Depreciation:						
2000	\$ 157	\$ 74	\$ 106	\$ 17	\$ 17	\$ 371
1999	151	88	95	21	31	386
1998	143	94	126	15	21	399
Operating profit (loss):						
2000	\$ 682	\$ 102	\$ 125	\$ 21	\$ (123)	\$ 807
1999	725	177	120	13	(160)	875
1998	630	122	120	(17)	(167)	688
Total assets:						
2000	\$ 2,624	\$ 1,948	\$ 1,600	\$ 704	\$ 26	\$ 6,902
1999	2,254	1,921	1,653	719	279	6,826
1998	2,091	2,298	2,499	722	325	7,935
Capital expenditures:						
2000	\$ 175	\$ 94	\$ 86	\$ 10	\$ 10	\$ 375
1999	227	77	110	9	14	437
1998	188	59	239	25	12	523

Note > 13 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

(millions of dollars, except per share data)	Three Months Ended			
	Dec 31	Sep 30	Jun 30	Mar 31
2000				
Net sales	\$ 2,579	\$ 2,570	\$ 2,586	\$ 2,590
Cost of products sold	1,965	1,973	1,958	1,942
Earnings from continuing operations	67	67	121	112
Net earnings	67	67	121	112
PER SHARE OF COMMON STOCK				
Basic earnings from continuing operations	\$ 1.01	\$.98	\$ 1.68	\$ 1.53
Basic net earnings	1.01	.98	1.68	1.53
Diluted earnings from continuing operations	\$ 1.00	\$.98	\$ 1.66	\$ 1.52
Diluted net earnings	1.00	.98	1.66	1.52
Dividends	\$.34	\$.34	\$.34	\$.34

The fourth quarter earnings and earnings per share included \$23 million after taxes, or \$0.35 per share, from the settlement gain on the company's Voluntary Retirement Program in North America, partly offset by one-time product introduction costs of \$9 million after taxes, or \$0.13 per share and expenses to increase sales allowances of \$8 million after taxes or \$0.11 per share.

(millions of dollars, except per share data)	Three Months Ended			
	Dec 31	Sep 30	Jun 30	Mar 31
1999				
Net sales	\$ 2,689	\$ 2,719	\$ 2,617	\$ 2,486
Cost of products sold	1,983	2,036	1,967	1,866
Earnings from continuing operations	113	107	99	28
Net earnings	113	107	99	28
PER SHARE OF COMMON STOCK				
Basic earnings from continuing operations	\$ 1.52	\$ 1.42	\$ 1.32	\$.37
Basic net earnings	1.52	1.42	1.32	.37
Diluted earnings from continuing operations	\$ 1.51	\$ 1.40	\$ 1.30	\$.36
Diluted net earnings	1.51	1.40	1.30	.36
Dividends	\$.34	\$.34	\$.34	\$.34

The first quarter earnings and earnings per share were reduced \$60 million after-taxes and minority interest, or \$0.79 per share, by the Brazilian currency devaluation.

**REPORT OF ERNST & YOUNG LLP
INDEPENDENT AUDITORS**

**THE STOCKHOLDERS AND BOARD OF DIRECTORS
WHIRLPOOL CORPORATION — BENTON HARBOR, MICHIGAN**

We have audited the accompanying consolidated balance sheets of Whirlpool Corporation as of December 31, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 1998 financial statements of Brasmotor S.A. and its consolidated subsidiaries, whose statements reflect net earnings of \$58 million for the year ended December 31, 1998. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to data included for Brasmotor S.A. and its consolidated subsidiaries, is based on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Whirlpool Corporation at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

The logo for Ernst & Young LLP is written in a black, cursive script. The words "Ernst & Young" are in a larger, more stylized font, while "LLP" is in a smaller, simpler font.

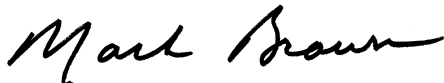
**CHICAGO, ILLINOIS
JANUARY 19, 2001**

**REPORT BY MANAGEMENT ON THE
CONSOLIDATED FINANCIAL STATEMENTS**

The management of Whirlpool Corporation has prepared the accompanying financial statements. The financial statements have been audited by Ernst & Young, independent auditors, whose report, based upon their audits and the reports of other independent auditors, expresses the opinion that these financial statements present fairly the consolidated financial position, results of operations and cash flows of Whirlpool and its subsidiaries in accordance with accounting principles generally accepted in the United States. Their audits are conducted in conformity with auditing standards generally accepted in the United States.

The financial statements were 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, which is composed of five directors who are not employed by the company, considers and makes recommendations to the board of directors as to accounting and auditing matters concerning the company, including recommending for appointment by the board the firm of independent auditors engaged on an annual basis to audit the financial statements of Whirlpool and its majority-owned subsidiaries. The audit committee meets with the independent auditors at least three times each year to review the scope of the audit, the results of the audit and such recommendations as may be made by said auditors with respect to the company's accounting methods and system of internal controls.



MARK E. BROWN
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

ELEVEN YEAR CONSOLIDATED
STATISTICAL REVIEW

(millions of dollars except share and employee data)	2000		1999		1998		1997		1996		1995		1994		1993		1992		1991		1990	
CONSOLIDATED OPERATIONS																						
Net sales	\$	10,325	\$	10,511	\$	10,323	\$	8,617	\$	8,523	\$	8,163	\$	7,949	\$	7,368	\$	7,097	\$	6,550	\$	6,424
Operating profit ⁽¹⁾		807		875		688		11		278		366		370		504		447		353		300
Earnings (loss) from continuing operations before income taxes and other items		577		514		564		(171)		100		214		269		418		334		256		177
Earnings (loss) from continuing operations		367		347		310		(46)		141		195		147		257		179		139		45
Earnings (loss) from discontinued operations ⁽²⁾		—		—		15		31		15		14		11		(28)		26		31		27
Net earnings (loss) ⁽³⁾		367		347		325		(15)		156		209		158		51		205		170		72
Net capital expenditures		375		437		523		378		336		483		418		309		288		287		265
Depreciation		371		386		399		322		318		282		246		241		275		233		247
Dividends paid		70		103		102		102		101		100		90		85		77		76		76
CONSOLIDATED FINANCIAL POSITION																						
Current assets	\$	3,237	\$	3,177	\$	3,882	\$	4,281	\$	3,812	\$	3,541	\$	3,078	\$	2,708	\$	2,740	\$	2,920	\$	2,900
Current liabilities		3,303		2,892		3,267		3,676		4,022		3,829		2,988		2,763		2,887		2,931		2,651
Current assets minus current liabilities		(66)		285		615		605		(210)		(288)		90		(55)		(147)		(11)		249
Property, plant and equipment-net		2,134		2,178		2,418		2,375		1,798		1,779		1,440		1,319		1,325		1,400		1,349
Total assets		6,902		6,826		7,935		8,270		8,015		7,800		6,655		6,047		6,118		6,445		5,614
Long-term debt		795		714		1,087		1,074		955		983		885		840		1,215		1,528		874
Stockholders' equity		1,684		1,867		2,001		1,771		1,926		1,877		1,723		1,648		1,600		1,515		1,424
PER SHARE DATA																						
Basic earnings (loss) from continuing operations	\$	5.24	\$	4.61	\$	4.09	\$	(0.62)	\$	1.90	\$	2.64	\$	1.98	\$	3.60	\$	2.55	\$	2.00	\$	0.65
Diluted earnings (loss) from continuing operations		5.20		4.56		4.06		(0.62)		1.88		2.60		1.95		3.47		2.46		1.98		0.65
Diluted net earnings (loss) ⁽³⁾		5.20		4.56		4.25		(0.20)		2.08		2.78		2.10		0.71		2.81		2.41		1.04
Dividends		1.36		1.36		1.36		1.36		1.36		1.36		1.22		1.19		1.10		1.10		1.10
Book value		23.84		24.55		26.16		23.71		25.93		25.40		23.21		23.17		22.91		21.78		20.51
Closing stock price - NYSE		47 ¹¹ / ₁₆		65 ¹ / ₁₆		55 ³ / ₈		55		46 ⁵ / ₈		53 ¹ / ₄		50 ¹ / ₄		66 ¹ / ₂		44 ⁵ / ₈		38 ⁷ / ₈		23 ¹ / ₂
KEY RATIOS ⁽⁴⁾																						
Operating profit margin		7.8%		8.3%		6.7%		0.1%		3.3%		4.5%		4.7%		6.8%		6.3%		5.4%		4.7%
Pre-tax margin ⁽⁵⁾		5.6%		4.9%		5.5%		(2.0)%		1.2%		2.6%		3.4%		5.7%		4.7%		3.9%		2.8%
Net margin ⁽⁶⁾		3.6%		3.3%		3.0%		(0.5)%		1.7%		2.4%		1.8%		3.5%		2.5%		2.1%		0.7%
Return on average stockholders' equity ⁽⁷⁾		20.7%		17.9%		17.2%		(0.8)%		8.2%		11.6%		9.4%		14.2%		13.1%		11.6%		5.1%
Return on average total assets ⁽⁸⁾		5.5%		4.2%		4.6%		(0.7)%		1.8%		3.0%		2.8%		4.0%		3.3%		2.9%		1.4%
Current assets to current liabilities		1.0x		1.1x		1.2x		1.2x		0.9x		0.9x		1.0x		1.0x		0.9x		1.0x		1.1x
Total debt-appliance business as a percent of invested capital ⁽⁹⁾		49.4%		37.7%		43.5%		46.1%		44.2%		45.2%		35.6%		33.8%		42.8%		46.7%		39.1%
Price earnings ratio		9.2x		14.3x		13.0x		—		22.4x		19.2x		23.9x		21.2x		15.9x		16.1x		22.6x
Interest coverage ⁽¹⁰⁾		4.2x		4.1x		3.2x		—		1.6x		2.7x		3.6x		5.0x		3.5x		3.0x		2.3x
OTHER DATA																						
Number of common shares outstanding (in thousands):																						
Average — on a diluted basis		70,637		76,044		76,507		74,697		77,178		76,812		77,588		76,013		75,661		72,581		69,595
Year-end		66,265		74,463		76,089		75,262		74,415		74,081		73,845		73,068		70,027		69,640		69,465
Number of stockholders (year-end)		11,780		12,531		13,584		10,171		11,033		11,686		11,821		11,438		11,724		12,032		12,542
Number of employees (year-end)		60,695		61,066		58,630		61,370		48,163		45,435		39,016		39,590		38,520		37,886		36,157
Total return to shareholders (five year annualized) ⁽¹¹⁾		0.3%		7.9%		(1.2)%		6.8%		6.3%		20.8%		12.0%		25.8%		17.0%		6.7%		2.8%

(1) Restructuring and special operating charges were \$405 million in 1997, \$30 million in 1996 and \$250 million in 1994.

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

(3) Includes cumulative effect of accounting changes: 1993 – Accounting for postretirement benefits other than pensions of (\$180) million or (\$2.42) per diluted share.

(4) Excluding the first quarter impact of the Brazilian currency devaluation in 1999 and the gain from discontinued operations in 1998, returns on average stockholders' equity were 19.9% and 16.5%, and returns on average total assets were 5.7% and 4.3%. Excluding non-recurring items, selected 1997 Key Ratios would be as follows:
a) Operating profit margin – 4.7%, b) Pre-tax margin – 2.7%, c) Net margin – 2.6%, d) Return on average stockholders' equity – 12%, e) Return on average total assets – 2.7%, f) Interest coverage – 3.0%.

(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) before accounting change, divided by average stockholders' equity.

(8) Net earnings (loss) before accounting change, plus minority interest divided by average total assets.

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

(10) Ratio of earnings from continuing operations (before income taxes, accounting change and interest expense) to interest expense.

(11) Stock appreciation plus reinvested dividends.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

HERMAN CAIN^{2,3}

Chairman of the Board, Godfather's Pizza, Inc. and
Chief Executive Officer T.H.E., Inc

GARY T. DICAMILLO^{1,2}

Chairman and Chief Executive Officer, Polaroid Corporation

JEFF M. FETTIG

President and Chief Operating Officer of the Company

ALLAN D. GILMOUR^{3,4}

Former Vice Chairman, Ford Motor Company

KATHLEEN J. HEMPEL^{1,3}

Former Vice Chairman and Chief Financial Officer,
Fort Howard Corporation

JAMES M. KILTS^{2,4}

Chairman and Chief Executive Officer, Gillette Co.

ARNOLD G. LANGBO^{2,4}

Former Chairman of the Board and Chief Executive Officer,
Kellogg Co.

MILES L. MARSH^{1,3}

Former Chairman and Chief Executive Officer,
Fort James Corporation

PHILIP L. SMITH^{2,3}

Former Chairman of the Board, President and
Chief Executive Officer, Pillsbury Co.

PAUL G. STERN^{1,3}

Partner, Thayer Capital Partners, LLP and Partner,
Arlington Capital Partners LLP

JANICE D. STONEY^{1,4}

Former Executive Vice President, Total Quality
System, US WEST Communications Group Inc.

DAVID R. WHITWAM

Chairman of the Board and Chief Executive Officer of the Company

Committees

(1) Audit

(2) Corporate Governance and Nominating

(3) Finance

(4) Human Resources

EXECUTIVE COMMITTEE

DAVID R. WHITWAM

Chairman of the Board and Chief Executive Officer

JEFF M. FETTIG

President and Chief Operating Officer

MARK E. BROWN

Executive Vice President and Chief Financial Officer

BENGT G. ENGSTROM

Executive Vice President and President, Whirlpool Europe

DANIEL F. HOPP

Senior Vice President, Corporate Affairs and General Counsel

PAULO F. M. PERIQUITO

Executive Vice President and President, Latin American Region

MICHAEL D. THIENEMAN

Executive Vice President and Chief Technology Officer

SENIOR OFFICERS (VICE PRESIDENTS)

J.C. ANDERSON

Senior Vice President, Group Manufacturing and
Product Delivery, North America

ROY V. ARMES

Global Procurement Operations

BETTY A. BEATY

Controller

MARC R. BITZER

Senior Vice President, Marketing, Sales and Services,
Whirlpool Europe

R. DAVID BUTLER

Chief Information Officer

RUY CAMPOS

Finance and Chief Financial Officer, Latin America

BLAIR A. CLARK

Treasurer

DANIEL G. CLIFFORD

Sears Sales and Marketing, North America

JEFFREY B. COHEN

Whirlpool Brand, North America

TED A. DOSCH

Finance, North America

GARRICK D'SILVA

Regional Vice President, Whirlpool Asia

SENIOR OFFICERS (CONTINUED) STOCKHOLDERS' AND OTHER INFORMATION

RICARDO J. ETCHENIQUE

Sales, Distribution and Marketing, Multibrás S.A.

ERNESTO HEINZELMANN

President and Chief Executive Officer, Embraco S. A.

BARRY HOLT

Global Communications

RUBIN J. MCDUGAL

Finance and Administration, Whirlpool Europe

GREGORY T. MCMANUS

Sales and Logistics, North America

GIUSEPPE PERUCCHETTI

Bauknecht Brand Group, Whirlpool Europe

ROBERTO RONCHI

Whirlpool Brand Group, Whirlpool Europe

MICHAEL A. TODMAN

Senior Vice President, Sales and Marketing, North America

JEREMY S. WEINSTEIN

Operations and Supply Chain, Whirlpool Europe

W. TIMOTHY YAGGI

KitchenAid Brand, North America

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.

If you are not a stockholder of record – that is, if your Whirlpool shares are registered in the name of a broker, bank or other nominee – you must ask that holder to mail stockholder reports directly to you. Company earnings releases for each quarter – typically issued in April, July, October and January – can be obtained by contacting Whirlpool's Director, Investor Relations:

Tom Filstrup, Whirlpool Corporation
2000 N. M-63, Mail Drop 2800
Benton Harbor, MI 49022-2692
Telephone: 616.923.3189 Fax: 616.923.3525
E-mail: Thomas_C_Filstrup@email.whirlpool.com

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:

First Chicago Trust Company, A Division of Equiserve
P.O. Box 2500, Jersey City, NJ 07303-2500
Telephone: 800.446.2617
E-mail: fctc@em.fcncd.com, Internet: www.fctc.com

For additional corporate information about the company contact:

Robert T. Kenagy, Corporate Secretary
Whirlpool Corporation, 2000 N. M-63, Mail Drop 2200
Benton Harbor, MI 49022-2692
Telephone: 616.923.3910 Fax: 616.923.3722
E-mail: Robert_T_Kenagy@email.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. New shareholders and current 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 First Chicago Trust Company or visit their Direct Stock Purchase Plan web site to enroll.

Trustee for 9.1 Percent Notes:
The Chase Manhattan Bank N.A.
450 West 33rd Street, 15th Floor, New York, NY 10001

Trustee for 9.5 and 9-Percent Notes:
Citibank N.A., Global Agency & Trust,
111 Wall Street, 5th Floor, New York, NY 10043

STOCKHOLDERS' AND OTHER INFORMATION

ANNUAL MEETING

Whirlpool Corporation's next annual meeting is scheduled for April 17, 2001, at 9:30 a.m. (Central Time), at 181 West Madison Street, 7th floor, Chicago, IL.

STOCK EXCHANGES

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

STOCK-SPLIT HISTORY

May 1965, 2-for-1
May 1972, 3-for-1
December 1986, 2-for-1

Example: One hundred shares of Whirlpool common stock purchased in April 1964 equaled 1,200 shares in January 2001.

COMMON-STOCK MARKET PRICE

		High		Low		Close
4Q 2000	\$	49 ⁷ / ₁₆	\$	34 ⁹ / ₁₆	\$	47 ¹¹ / ₁₆
3Q 2000		54 ¹ / ₁₆		31 ¹ / ₂		38 ⁷ / ₈
2Q 2000		68 ⁵ / ₁₆		46 ⁵ / ₈		46 ⁵ / ₈
1Q 2000		64 ⁹ / ₁₆		48 ⁵ / ₈		58 ⁵ / ₈
4Q 1999	\$	73 ⁹ / ₁₆	\$	56 ³ / ₄	\$	65 ¹ / ₁₆
3Q 1999		78 ¹ / ₄		61 ¹ / ₄		65 ⁵ / ₁₆
2Q 1999		74		50 ¹ / ₂		74
1Q 1999		57		40 ¹⁵ / ₁₆		54 ³ / ₈

TRADEMARKS

Bauknecht, Brastemp, Calypso, Catalyst, Cielo, Conquest, Consul, Cuisine, Dry Defrost, Dynamic Sense, Embraco, Eslabon de Lujo, Estate, Ice Magic, Ignis, In-Door-Ice, Inglis, KIC, KitchenAid, Laden, Millennium, QuickChill, Roper, Semer, Servis, 6th Sense, Superba, Total Air, Ultima Cook, Ultra, Whispure, White Magic and Whirlpool are trademarks of Whirlpool Corporation or its wholly or majority-owned affiliates.

Kenmore and *Kenmore Elite* are trademarks of Sears, Roebuck and Co.

Acros, Crolls and *Supermatic* are trademarks of Vitro S.A. de C.V.

3M and *Filtrete* are trademarks of 3M.

Electra is a trademark of Electra Consumer Products Ltd.

INTERNET ADDRESS

Whirlpool financial information and more are available at Whirlpool's site on the World Wide Web (www.whirlpoolcorp.com).

WHIRLPOOL CORPORATION GENERAL OFFICES

WORLD HEADQUARTERS AND NORTH AMERICA

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LATIN AMERICA

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Fax: 55.11.5586.6388

ASIA

16th Floor, Paliburg Plaza
68 Yee Wo St.
Causeway Bay, Hong Kong
Telephone: 852.2881.1211
Fax: 852.2895.1693

PRODUCT AND SERVICE INFORMATION (NORTH AMERICA)

KitchenAid brand: 800.422.1230

Whirlpool brand: 800.253.1301

OUR VISION

Every Home... Everywhere with Pride, Passion and Performance. We create the world's best home appliances, which make life a little easier and more enjoyable for all people. Our goal is a Whirlpool product in every home, everywhere. We will achieve this by creating:

Pride... in our work and each other

Passion... for creating unmatched customer loyalty for our brands

Performance... results that excite and reward global investors with superior returns

We bring this dream to life through the power of our unique global enterprise and our outstanding people... working together... everywhere.

