OUR VISION

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

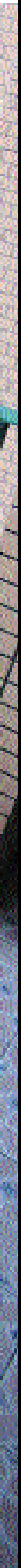
Pride… in our work and each other

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.

EVERY HOME… EVERYWHERE



WELCOME TO WHIRLPOOL CORPORATION

ABOUT OUR COMPANY

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.

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FINANCIAL SUMMARY

(millions of dollars, except per share data)	1999	1998	% change
Net sales	$ 10,511	$ 10,323	1.8%
Core earnings, which excludes non-recurring items	$ 407	$ 310	31.3%
Per share on a diluted basis	$ 5.35	$ 4.06	
Earnings from continuing operations	$ 347	$ 310	11.9%
Per share on a diluted basis	$ 4.56	$ 4.06	
Net earnings	$ 347	$ 325	6.8%
Per share on a diluted basis	$ 4.56	$ 4.25	
Stockholders' equity	$ 1,867	$ 2,001	(6.7)%
Total assets	$ 6,826	$ 7,935	(14.0)%
Return on equity	17.9%	17.2%	
Return on equity excluding non-recurring items	19.9%	16.5%	
Return on assets	4.2%	4.6%	
Return on assets excluding non-recurring items	5.7%	4.3%	
Book value per share	$ 24.55	$ 26.16	(6.2)%
Dividends per share	$ 1.36	$ 1.36	
Average dividend yield	2.2%	2.3%	
Share price			
High	$ 78.25	$ 75.25	
Low	$ 40.94	$ 43.69	
Close	$ 65.06	$ 55.38	17.5%
Total return to stockholders (five year annualized)	7.9%	(1.2)%	
Shares outstanding (in 000's)	74,463	76,089	
Number of stockholders	12,531	13,584	
Number of employees	61,066	58,630	

CHAIRMAN'S LETTER

TO OUR STAKEHOLDERS: Our accomplishments in 1999 showed that Whirlpool Corporation has the global platform and capabilities to produce outstanding results. **We achieved a great deal during the last year as our operating results by nearly every measure reached record levels. Our core earnings per share, which excludes non-recurring items, grew 32 percent. Our company also finished 1999 by posting year-over-year core earnings-per-share growth of more than 20 percent for 13 consecutive quarters. As reported, revenue growth amounted to 2 percent, as sales climbed to $10.5 billion. Yet, without the impact of currency translations that reduced revenues by $920 million, revenues would have grown 11 percent.**

The numbers also demonstrate that our unit sales are fundamentally representative of our growth around the world.

Those strong results continue to be driven by our unmatched global position, which is bolstered by capabilities to meet consumer needs with unique product and service solutions under our leading brand names in every major market around the world.

Importantly, our performance was driven by balanced contributions from every sector of our global business. North America and Europe both delivered record levels of sales and earnings. Our strategic investments and businesses in Asia reached operating profitability in all four quarters of 1999. Our market-leading Latin American business contributed solid results in the face of a challenging economic environment. Importantly, in Latin America we began to see meaningful improvements in economic and industry conditions during the third and fourth quarters.

As we look to 2000 and beyond, we firmly believe that our company has three fundamental strategic platforms that will enable us to sustain delivery of significant and consistent progress in earnings performance and value creation for our stakeholders. Taken together, these platform capabilities produce a distinctive competitive advantage in our global industry and support our vision of Every Home… Everywhere.

- **Unique global scope, reach and structure**
- **Unique global execution and operating capabilities**
- **Unique global brand value creating strategic platform**

Let me elaborate:

Unique Global Structure **– Today Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances and consumer solutions. We spent the decade of the '90s transforming from a company largely focused on the United States to an enterprise today that is 40 percent larger in global market share than our closest competitor. This powerful global structure and reach enable us to serve consumers with exceptional brands in every part of the world – and provide us with unsurpassed opportunities for future growth.**

Core Earnings Per Share

Because of this global business platform, our focus and opportunities are not limited to the $24 billion U.S.appliance business, where we have the No. 1 market position. We are equally dedicated to building our share of the $70 billion worldwide consumer appliance market – that, within the decade, will swell to $120 billion. Importantly, trend lines show that the consumer appliance markets outside of the U.S. will expand at twice the pace of the North American market by 2010. We plan to build upon our lead in this exciting global growth environment.

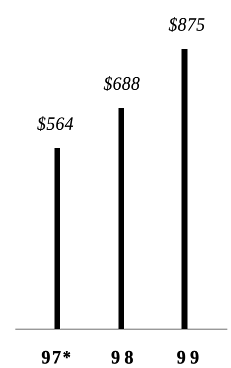
Unique Execution and Performance Capabilities **– We have demonstrated capabilities to translate growth into significant earnings improvement through our intense focus on operational excellence, and to leverage this capability throughout our global operations. We define operational excellence as our ability to drive total cost productivity, quality improvements, working capital and asset management, and global leverage to assure that revenue growth translates into consistent and sizeable improvement in earnings.Each of these factors also contributes significantly to value creation.**

> **We have demonstrated capabilities to translate growth into significant earnings improvement through our intense focus on operating excellence, and to leverage this capability throughout our global operations.**

This systematic and disciplined approach is not new at Whirlpool. In fact, we believe it is one of our unique core competencies.Each year we take operational excellence to a higher level through the use and refinement of global tools and practices such as Six Sigma quality, procurement practices, supply chain and working capital management processes, product development and design,and the application of information technology. Especially important are our e-business capabilities and internet applications which offer accelerated opportunities to build closer relationships with our suppliers and trade partners,and consumers.

All of these tools, processes and approaches have allowed us to deliver total cost productivity improvement in excess of 3 percent globally during each of the last three years. On a comparable basis, this focus and capability has also resulted in a 3 percentage point reduction in working capital as a percent of sales and a $233 million reduction in selling, general and administrative expense, as well as significant improvement in our already leading product quality during the same time frame. This highly disciplined commitment to operating excellence will continue to fuel earnings-per-share expansion.

Unique Global Brand Platforms **– We have a solid foundation for delivering top-line growth and stakeholder value.We believe our company is in position to capitalize on brand building opportunities.Driving our success is our global portfolio of brands – reinforced by our relationships, and the loyalty we create, with consumers around the world.** *Whirlpool* **is the world's No. 1 selling appliance brand. Yet… we have many opportunities to escalate its growth because of our extensive global business structure and reach. In addition, we have strength in the Latin American market where our** *Brastemp* **and** *Consul* **brands are the top two among all appliance brands. We also have formidable brands targeted to specific consumer market segments, such as the upscale** *KitchenAid* **brand in the U.S. or** *Bauknecht* **in parts of Europe. Lastly, our relationship as the key supplier in many categories for the** *Kenmore* **brand of Sears, Roebuck and Co. affords us access to consumers served by this legendary brand and retail giant.**



Operating Profit
**on a comparable basis*

We understand that brand loyalty extends well beyond products that consumers buy and use. Loyalty grows from the relationship consumers develop with the total brand experience. Accordingly, our strategies focus on developing unique and innovative solutions that include, but are not limited to, the product dimension. This approach provides ample tools to build customer loyalty for our branded products, and connects us with new business opportunities that extend our brands to activities in and around the home.

We also believe that e-business and internet capabilities and possibilities are providing us with opportunities to advance our global business strategy of building loyal consumers through our brands. For example,we recently announced an effort with Cisco Systems and Sun Microsystems to develop Whirlpool Corporation's networked home solutions initiative. This initiative will include a new generation of Whirlpool networked products and enhanced services that we believe will have a profound impact on the ways consumers work,live,play and learn. We expect to bring the first such products and services to the market in the fourth quarter of 2000.

Performance Goals **– By combining our unique global strengths – structure, commitment to operational excellence and focus on brand value creation – we frame the corporate vision that appears on page 1 of this report. This triad also serves as the foundation for our financial goals that appear on this page and are the basis of the incentive compensation at our company and for our people worldwide.**

Our Outlook **– We enter 2000 with solid momentum and a positive external and consumer appliance industry environment. We expect that the North American appliance industry will deliver the third consecutive year of record consumer sales, increasing about 2 to 3 percent from 1999 levels. We foresee the European industry growing 4 to 5 percent.Latin American expansion will be between 7 and 10 percent, and Asian markets in which we operate will improve between 8 and 10 percent over 1999. And, we believe we will continue to outperform the industry pace in each of these regions.**

Our People **– Most importantly, our people share a dedication to, and passion for, our vision and strategies. They are at the heart of everything that we do. Their contributions,and skills have been central to the record-setting achievements of 1999. Today we are a very diverse people; both within our business and across the globe. We believe this diversity brings us unique perspectives and ideas everywhere we operate. In fact, well over half of our Whirlpool associates live and work in regions outside of the United States. Their languages are as varied as the markets and consumers that we serve. Yet, we all share a common understanding of our vision.**

Every Home … Everywhere. With Pride, Passion and Performance.

The continuing commitment and contributions of our people, our leadership positions around the world, our track record of delivering operational excellence, and our incomparable global brand strengths give me great confidence in our future.

We thank you for your continuing support.

Annual financial performance goals	
Sales growth	6-10% per year
Earnings per share growth	15-20% per year
Net productivity	3%+ per year
Free cash flow	4-5% of sales

David R. Whitwam
Chairman of the Board
and Chief Executive Officer
January 31,2000

THE WHIRLPOOL PASSPORT TO EVERY HOME… EVERYWHERE

Throughout 1999, Whirlpool Corporation solidified its leadership position in the global appliance industry. Our company holds the leading market positions in North America and Latin America, third place in Europe and the top spot among Western companies doing business in Asia.

This leadership results directly from a global business structure that internally and externally enables our company to serve consumers with exceptional brands in every part of the world – and provides the power to make the most of those opportunities.

Consider the scope of the worldwide appliance industry. Whirlpool competes in an environment made up of more than 235 million major home appliances, worth approximately $70 billion. In other words, our global market is four times the size of the North American market and it's growing twice as fast. Only Whirlpool Corporation has the global ability to serve consumers' needs in and around the home in communities as remarkably diverse as Bombay, Buenos Aires, Berlin and Baltimore.

Certainly, in 1999 we displayed the breadth of our reach and a deep reservoir of talent. Our global structure allowed us to deliver record performance with each of our major regional businesses contributing.

Whirlpool North America extended its leadership position by posting a fourth consecutive year of record sales and operating profits, as well as ongoing quality and productivity gains. The extraordinary results in North America were also driven by strong consumer acceptance of several outstanding branded products that were enthusiastically greeted in the market under the umbrella of our *Whirlpool* **and** *KitchenAid* **brands. Our North American plans for 2000 include the introduction of several new-to-the-world consumer solutions, which, when combined with our long-term brand-building efforts, should propel our solid progress in this region.**

Whirlpool Europe also finished 1999 with records in sales and operating profits, and continued significant advances in quality levels and productivity. Our European business sustained its strong growth of the *Whirlpool* **brand, which remains the largest-selling appliance brand in Western and Central Europe. The company's position was also elevated in 1999 with growing consumer demand for new and consumer focused** *Whirlpool* **and** *Bauknecht* **products. Such new products are the direct result of our ongoing effort to renew virtually every product platform, based on consumer research that spans the continent. Based upon this solid core of consumer-focused activity, we expect in 2000 to prolong the expansion of our European business.**

Whirlpool Latin America furthered its leadership position, despite economic troubles in much of the region, particularly in Brazil. Our Latin American operations delivered a year of stability with solid operating profits. Results were driven in large measure by the formidable presence of the *Brastemp* **and** *Consul* **brands, which remain the top choices for consumers in the region. Embraco, our subsidiary that is the world's leading supplier of hermetic compressors for appliances, also contributed significantly to these gains. We foresee a continuation of the economic recovery that began last fall in the Brazilian market.**

Whirlpool Asia finished 1999 with records in sales and operating profits, following five consecutive quarters of operating profitability in the world's largest home appliance market. This

performance improvement was driven by robust growth from the *Whirlpool* brand across the region, particularly at Whirlpool India, where the brand remains the top choice of consumers. Whirlpool Shunde – our microwave oven facility based in Shunde, China – again set an export record as they shipped more than one million microwave ovens to our North American and European businesses. Whirlpool Narcissus, our Shanghai, China washing machine facility, also grew solidly during 1999. We expect even greater successes in Asia during 2000 and beyond, as the region accounts for an ever-growing portion of our global enterprise.

Top-flight regional results flow directly from our global structure that creates value through the combination of aligned business processes and platforms, powerful, compelling brands, and people committed to the Whirlpool vision of "Every Home... Everywhere."

BUSINESS PLATFORMS AND PROCESSES

Behind the scenes, far from the limelight of advertising campaigns and showroom displays, the Whirlpool global structure does its work. Our systems and global processes have been established to speed product development, make purchasing as efficient and cost-effective as possible, and promote the rapid availability of information throughout the organization.

By working from a global platform, our company can drive key operational initiatives for maximum impact. This includes the company's customized Six Sigma methodology, known as Operational Excellence, which ensures that we consistently improve our quality levels, even as we lower our costs and shorten cycle times.

By creating breakthrough solutions for our most difficult challenges, Operational Excellence has generated more than $175 million in global manufacturing savings during the last three years.

Our continuing efforts to boost quality and productivity provide evidence of how the global approach drives results, which are also apparent in our ongoing total-cost productivity campaign and efforts to unify globally our information systems.

However, recent product-development advances in our laundry organization offer perhaps the best example of how a global structure creates value. A global washing platform demonstrates how the right structure can result in speedy transfer of leading-edge ideas. As engineers in one region were developing a new washer design, it became clear to our global product development managers that groundbreaking work from another part of the world would benefit the project. By adapting the innovation – through transfer of technology and know-how around the globe – the product reached the marketplace faster. A new washer to be introduced soon in another emerging market will also take advantage of this design work. In each case, consumers benefited from a swift transfer of our best thinking from one hemisphere to another.

This potent approach works by reducing complexity. We want our global processes to ensure that such successes can be repeated time and again.

Toward that end, our goal in global product development is to evolve quickly from regional platforms to a global platform, while ensuring that we meet the unique needs of consumers in all the diverse markets we serve. When the majority of our product platforms depend upon the same key parts and systems, we can make many next-generation improvements in a fraction of the time and cost once required. And this structure and process also allow us to rapidly migrate innovative consumer solutions from one part of the world to another. In short, global business processes and systems serve as the power behind the throne, the latter represented by our brands' leadership around the world.

REACHING CONSUMERS THROUGH BRANDS

In every country where we do business, we focus on meeting consumer needs with highly credible branded product and service solutions.

Around the world, our company has an unmatched brand portfolio, which will be growing during 2000 and beyond. Whirlpool Corporation was responsible in 1999 for four of the top 10 North American appliance brands, as ranked by consumers. The *Whirlpool* brand is No. 1 in both Europe and India among appliances. And in South America, our *Brastemp* and *Consul* brands lead the market.

Despite these successes, we have no room for complacency. Our company understands that top-line growth will only follow the integration of alluring communication with superior products, services and shopping experiences that fully realize a brand's potential. Our brand efforts are focused on building relationships that will form a basis for long-term consumer loyalty.

That takes significant effort, such as the initiatives underway to elevate Whirlpool Corporation's brands in each of our regions. In Europe and Latin America, *Whirlpool* brand advertising campaigns are creating new images and definitions of our brands for consumers. In Europe, we introduced new print and broadcast advertising to build the *Whirlpool* brand image. In Brazil, a new campaign featuring the wives of the Amigos, a chart-topping country music group, debuted during 1999 on behalf of the *Consul* brand.

In Asia, *Whirlpool* brand development has expanded into the realm of caring for consumers. For example, as a sign of respect, Whirlpool service personnel in India offer to remove their shoes before entering a home. And in North America, KitchenAid marketers enhanced their web site so home enthusiasts could build their relationship with the brand through online purchasing of portable appliances and other consumer-focused conveniences.

To sustain the growth of our brands, we have embarked upon a mission to understand consumers in new and different ways. By gathering information and studying consumers at levels unprecedented in this industry we set the stage for developing branded solutions that are not only unique, but also unforgettable to consumers.

For example, in Brazil we continue to build a vast consumer database that features research on hundreds of thousands of Brazilian consumers. Working in cooperation with other leading companies, our Brazilian operation is studying the data to determine unmet needs and wants that will result in our next generation of products and services.

Or consider the Consumer Appliances Service unit of Whirlpool Hong Kong, which understood the frenetic pace of life in the island's urban center. Responding to consumer needs, they introduced *STAR* services such as same-day delivery and installation, evening service and holiday delivery and installation. They transformed the concept of service by topping the package with an offer for a temporary substitute appliance during repair.

We don't plan a radical transformation of our world-famous *KitchenAid* stand mixer, which has been a favorite of homemakers for generations. Partly because of the stand mixer's sterling reputation, our research has shown that consumers view *KitchenAid* in North America as a high quality choice for home solutions. During 2000, we will add the *KitchenAid* name to a variety of products that will extend the reach of this highly successful brand.

Memorable brands, innovation and superb quality in products and services are a good start toward the growth of consumer loyalty, price premiums and new revenue opportunities.

One other component is necessary for our global enterprise to reach its potential.

PERSONAL COMMITMENT

It's one thing for us to talk about innovation, quality and growth – and it's another to embed these concepts into our approach to life. Around the world, Whirlpool's people are nourishing personal commitment that aligns our personal and corporate goals.

Take, for example, the assembly-line employees in our Greenville Division who wanted to get closer to small-appliance consumers. About 25 are staffing a consumer-assistance center that's open five days a week to field calls about *KitchenAid* products. They gain insights on the phone that drive their performance in assembling products.

Or consider the case of a technician whose job responsibilities include replacement or rehabilitation of freezer parts sent back by consumers to our plant in Joinville, Brazil. After receiving a consumer request for a part that was out of production, he went to his mom's home, removed the lock with her permission, brought the piece back to work and shipped it to the consumer. This type of commitment to a rapid consumer solution poignantly demonstrates the alignment of personal goals with corporate objectives.

In another way, numerous Whirlpool people committed during 1999 to something far larger than merely addressing their daily concerns. Whirlpool employees volunteered to help at locations across North America in the construction of homes through the Habitat for Humanity program. Our company also committed to $5 million in *Whirlpool* brand appliance donations for Habitat homes.

Global brand power. Global standards and processes. Global commitment. Inside and outside of Whirlpool, these concepts combine powerfully to create a passport – built on consumer loyalty – that unlocks the door to Every Home... Everywhere.

NORTH AMERICA

KEY STATISTICS

- No. 1 position in the industry
- $6.2 billion in 1999 sales
- $725 million in 1999 operating profit
- Approximately 26,000 employees

PRIMARY MARKETS SERVED

United States, Canada and Mexico

BRANDS

United States: *KitchenAid, Whirlpool, Roper*
Canada: *Inglis, Whirlpool, KitchenAid*
Mexico: *Whirlpool, Acros, Supermatic, Crolls*

PRINCIPAL PRODUCTS

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

KEY

- MANUFACTURING
- HEADQUARTERS

EUROPE

KEY STATISTICS

- No. 3 position as manufacturer; No. 1 as brand
- $2.5 billion in 1999 sales
- $177 million in operating profit
- Approximately 12,000 employees

PRIMARY MARKETS SERVED

Europe, Middle East, Africa, Asia Pacific

BRANDS

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

PRINCIPAL PRODUCTS

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

KEY

- MANUFACTURING
- HEADQUARTERS

LATIN AMERICA

KEY STATISTICS

- No. 1 market position in the industry
- $1.7 billion in 1999 sales
- $120 million in 1999 operating profit
- Approximately 17,000 employees

PRIMARY MARKETS SERVED

Brazil, Argentina, Chile and the other markets of the Southern Cone

BRANDS

Whirlpool, Brastemp, Consul, Eslabon de Lujo, Semer

PRINCIPAL PRODUCTS

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

KEY

- MANUFACTURING
- HEADQUARTERS

ASIA

KEY STATISTICS

- Leader among Western companies, with No. 1 market position in India
- $375 million in 1999 sales
- $13 million in 1999 operating profit
- Approximately 7,000 employees

PRIMARY MARKETS SERVED

China, India, Asia Pacific

BRANDS

Whirlpool, Narcissus, SMC

PRINCIPAL PRODUCTS

Automatic Washers, Microwave Ovens, Refrigerators

KEY

- MANUFACTURING
- HEADQUARTERS

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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.

The company's investment in its Brazilian subsidiary, Brasmotor S.A. (Brasmotor), is accounted for on a consolidated basis for the full year 1999 and 1998 and the last two months of 1997. Prior to the consolidation, the Brazilian operations were accounted for on an equity basis.

EARNINGS

Core earnings increased 31% in 1999 while 1998 core earnings increased 37% over 1997. The term "core earnings" refers to earnings from continuing operations excluding the effects of the first quarter 1999 Brazilian currency devaluation and restructuring and special operating charges recorded in 1997.

Earnings and earnings per share for 1999, 1998 and 1997 were as follows:

(millions of dollars, except per share data)	1999	1998	1997
Core earnings	$ 407	$ 310	$ 226
Diluted core earnings per share	5.35	4.06	2.99
Earnings (loss) from continuing operations	347	310	(46)
Diluted earnings (loss) per share from continuing operations	4.56	4.06	(0.62)
Net earnings (loss)	347	325	(15)
Diluted net earnings (loss) per share	4.56	4.25	(0.20)

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 (TDF), concluding a series of transactions to dispose of its financing business initiated in the fourth quarter of 1997. Over 1998 and 1997, the company recorded total after-tax gains from discontinued operations of $57 million, or $0.74 per diluted share related to these transactions.

In 1997, an after-tax and minority interests restructuring charge of $232 million, or $3.07 per diluted share and an after-tax and minority interests special operating charge of $40 million, or $0.54 per diluted share were incurred to better align the company's cost structure within the global home-appliance marketplace. Discontinued operating results for 1997 were $31 million, or $0.42 per diluted share, including an after-tax special operating charge of $22 million, or $0.29 per diluted share, an after-tax gain on business dispositions of $42 million or $0.55 per diluted share and discontinued earnings (before special charges) of $11 million or $0.16 per diluted share. Refer to Notes 4 and 11 to the accompanying consolidated financial statements.

Equity earnings (loss) were $(4) million, $1 million and $67 million in 1999, 1998 and 1997. The decrease from 1997 to 1998 was due primarily to the consolidation of Brasmotor starting in the last two months of 1997.

NET SALES

Net sales were $10.5 billion in 1999, a 2% increase over $10.3 billion in 1998. Net sales were $8.6 billion in 1997. The increase in 1999 results was primarily from a 9% increase in unit volumes, partially offset by the impact of currency fluctuations around the world. Excluding currency fluctuations, sales would have increased 11% over 1998. The regional trends were as follows:

- North American overall unit volumes were up 12%, with major appliances up 13% in an industry which was up 11%. This volume increase translated into a 10% increase in net sales. Unit volumes and net sales were up 10% and 6%, respectively, in the 1998 versus 1997 comparison.
- European unit sales increased 7% in an industry which increased 3%, while net sales were up 1% over a year ago reflecting the impact of currency fluctuations. Excluding the impact of currency fluctuations, net sales would have increased 6% over 1998. Unit volumes and net sales increased 7% and 4%, respectively, in the 1998 versus 1997 comparison due to higher volume and improved product mix.
- A weak Brazilian economy in the first half of 1999 and the Brazilian currency devaluation, which occurred primarily in the first quarter, contributed to flat unit sales and a 20% decrease in net sales in Latin America for the year versus 1998. Net sales adjusted for currency fluctuations increased 16% over 1998.

The increase in 1998 consolidated net sales over 1997 was due primarily to the full year consolidation of Brasmotor. Excluding the impact of consolidating Brasmotor and currency fluctuations, net sales were up 4% in 1998 over 1997.

GROSS MARGIN

The gross margin percentage increased nearly one percentage point over 1998 to 25.3%, due primarily to benefits resulting from the restructuring started in 1997 and ongoing productivity improvements from the company's Operational Excellence program. These benefits combined to more than offset a change in the classification of certain North American sales allowances in 1999 from selling, general and administrative expenses into net sales. The reclassification reduced the full year gross margin by 0.3 percentage points. The regions all generated strong improvements during 1999 as North America's gross margin as a percentage of sales, excluding the sales allowance reclassification, increased 0.9 percentage points and Europe, Brazil and Asia improved 1.2, 1.1 and 4.3 percentage points, respectively.

The gross margin percentage improved by nearly one percentage point in 1998 versus 1997. The North American gross margin percentage improved due to increased volume, productivity improvements and reduced material costs, partially offset by price deterioration. The European gross margin improved due to the benefits of restructuring plus manufacturing efficiencies and reduced material costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses as a percent of net sales decreased from 1998 due to improvements related to restructuring and a 0.3 percentage points improvement due to the North American sales allowance reclassification. These improvements were partially offset by $36 million in pre-tax provisions in Brazil related to credit risk. The regional trends were as follows:

- North American expenses as a percentage of net sales increased 0.6 percentage points, excluding the sales allowance reclassification mentioned above, due to a temporary increase in logistics costs and expenses related to the implementation of a new Enterprise Resource Planning system.
- European expenses as a percent of net sales improved by one full percentage point due to reduced costs mainly from restructuring and further efficiency savings.
- Brazil's expenses as a percent of net sales improved slightly due to cost reduction efforts.
- Asia's expenses as a percentage of net sales improved 4.5 percentage points due to increased sales and continued cost reduction efforts.

The improvement of over one percentage point in 1998 versus 1997 was due to restructuring savings and other cost reduction initiatives, partially offset by pre-tax provisions totaling $28 million in Brazil related to increased credit risk.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHER INCOME AND EXPENSE

Other income (expense) was $237 million unfavorable in 1999 versus 1998 primarily due to the impact from the Brazilian currency devaluation. The Brazilian *real* declined from 1.21 to 1.82 per US Dollar from mid-January 1999, when the Brazilian government changed its foreign exchange policy to a floating exchange rate, to December 31, 1999. The main impact from the devaluation occurred in the first quarter and resulted in a $146 million pre-tax charge to earnings (Whirlpool's share after-tax and minority interest was $53 million). Also included in this category was a $12 million pre-tax mark-to-market charge ($7 million after-tax) related to short term forward contracts purchased to hedge movements in Brazil's currency. For the full year, foreign exchange losses within the Brazilian operations totalled $169 million pre-tax (Whirlpool's share after-tax and minority interest was $62 million) and charges related to short term forward contracts totalled $23 million pre-tax ($14 million after-tax). Interest expense decreased $94 million over 1998, but this improvement was offset by lower interest income. Both of these changes were due to the restructuring of the Brazilian balance sheet in order to reduce the company's exposure to exchange rate fluctuations.

Other income (expense) for 1998 was largely favorable compared to 1997 primarily due to the inclusion of the Brazilian operations in the consolidated results for the full year 1998 versus two months in 1997.

INCOME TAXES

The effective tax rate for continuing operations was 37% in 1999 (adjusted for the effect of the Brazilian currency devaluation), the same as 1998, and 44% in 1997 (adjusted for restructuring and other special operating charges). Including the Brazilian currency devaluation, the effective tax rate for 1999 was 38%. The decrease from 1997 to 1998 was due to the impact of consolidating Brasmotor, the recognition of certain tax benefits in Europe and Brazil, and the lower impact of permanent tax differences resulting from higher earnings. Including restructuring and other special operating charges, the effective tax benefit rate for 1997 was 5%.

CASH FLOWS

The statements of cash flows from continuing operations 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 currency translation adjustments and changes in operating assets and liabilities such as receivables, inventories and payables.

Cash provided by operating activities totalled $801 million versus $763 million in 1998. Cash provided by operations was $593 million in 1997. The increase in 1998 from 1997 was primarily due to higher earnings, partially offset by spending for restructuring.

INVESTING ACTIVITIES

The principal recurring investing activities are property additions. Net property additions for continuing operations were $437 million, $523 million and $378 million in 1999, 1998 and 1997. The increased spending in 1998 over the 1999 and 1997 levels, was primarily due to significant expenditures in Brazil for product renewals, more efficient production methods and equipment replacement for normal wear and tear.

Refer to Note 3 to the accompanying consolidated financial statements for discussion of business dispositions and acquisitions during the last three years.

FINANCING ACTIVITIES

Dividends to stockholders totalled $103 million, $102 million and $102 million in 1999, 1998 and 1997.

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

The company's net borrowings decreased by $423 million in 1998, excluding the effect of currency fluctuations, resulting primarily from proceeds related to the Whirlpool Financial Corporation (WFC) asset sales. Also during 1998, the company redeemed $40 million of WFC preferred stock.

FINANCIAL CONDITION AND OTHER MATTERS

The financial position of the company remains strong as evidenced by the December 31, 1999 balance sheet. The company's total assets were $6.8 billion and stockholders' equity was $1.9 billion at the end of 1999 versus $7.9 and $2.0 billion respectively at the end of 1998. The decreases from 1998 were due primarily to the impact of the Brazilian currency devaluation and the weakening of the euro.

The overall debt to invested capital ratio (debt ratio) of 37.7% was down from 43.5% in 1998 due primarily to lower borrowings which were reduced by cash generated from operations and existing cash balances in Brazil. The company's debt continues to be rated investment grade by Moody's Investors Service Inc. (Baa1), Standard and Poor's (BBB+) and Duff & Phelps (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 such as new products, acquisitions and joint ventures.

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

On March, 1, 1999, the company announced that its Board of Directors approved the repurchase of up to $250 million of the company's outstanding shares of common stock. The shares are to be purchased on the open market and through privately negotiated sales as the company deems appropriate. Through December 31, 1999, the company had repurchased 2,662,100 shares at a cost of $167 million.

The company recorded $58 million pre-tax of recovered Brazilian sales taxes paid in prior years during 1999. This recovery of taxes paid under a Brazilian law, which was successfully challenged in the courts, is substantially complete. The company received $42 million of pre-tax benefits from a Brazilian government export incentive (Befiex) recorded in 1998. In 1997, the company recorded $34 million in Befiex and other tax benefits. The Befiex program ended in mid-July 1998.

In December 1996, a favorable decision was obtained by Multibrás and Embraco with respect to additional export incentives in connection with the Befiex program. In April 1997, Multibrás and Embraco submitted tax-credit claims for about 447 million *reais* (equivalent to US$440 million as of December 1996) relating to the favorable decision for exports from July 1988 through December 1996. This amount is impacted by exchange rate fluctuations, offset by accrued interest. The Brazilian court must render a final decision on the amount, timing and payment method of any final award. The company has not recognized any income relating to the claims involving sales prior to 1997 because the timing and payment amount of such claims is uncertain.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The company manages a portfolio of domestic and cross currency interest rate swaps that serve to effectively convert U.S. Dollar (USD) denominated debt into that of various European currencies. Such local currency denominated debt serves as an effective hedge against the European cash flows and net assets that exist today and that are expected to be generated by the European business over time. (Refer to Notes 1 and 8 for the accounting treatment for, and a detailed description of, these instruments.) Domestic and cross currency interest rate swaps in this portfolio are sensitive to changes in foreign currency exchange rates and interest rates. As of December 31, 1999, a ten percent appreciation of the USD versus the European currencies alone would have resulted in an incremental unrealized gain on these contracts of $41 million. The converse event would have resulted in an incremental unrealized loss on these contracts of $47 million. As of December 31, 1999, a ten percent favorable shift in interest rates alone to each swap would have resulted in an incremental unrealized gain of $10 million. The converse event would have resulted in an incremental unrealized loss of $10 million.

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. In addition, in 1999 the company began hedging the U.S. dollar debt of its subsidiaries in Brazil by entering into forward contracts to reduce the company's exposure to exchange rate fluctuations. The value of these contracts moves in a direction opposite to that of the transaction being hedged, thus eliminating the price risk associated with changes in market prices. Foreign currency contracts are sensitive to changes in foreign currency exchange rates. At December 31, 1999, 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 $69 million while a ten percent favorable shift would have resulted in an incremental unrealized gain of $68 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 had an outstanding option to buy Brazilian *reais* for USD at December 31, 1999. A ten percent increase in the exchange rate would have resulted in an incremental unrealized gain of $10 million while a ten percent decrease would have no financial impact.

The company manages a portfolio of domestic interest rate swap contracts that serve to effectively convert long-term, fixed rate USD-denominated debt into floating rate LIBOR-based debt. The company also 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, 1999, a ten percent increase or decrease in interest rates would not have resulted in a material gain or loss. A ten percent shift in copper and aluminum prices would have resulted in an incremental $2 million gain or $2 million loss.

Brasmotor's long-term debt carries a floating interest rate that periodically reprices resulting in the carrying value approximating the fair value. As of December 31, 1999, a ten percent increase or decrease in interest rates would not have resulted in a material gain or loss.

The company's sensitivity analysis reflects the effects of changes in market risk but does not factor in potential business risks.

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.

Prices to customers may converge throughout the affected countries, although the company believes that in recent years competitive pressures have to some extent eliminated price differences solely caused by the lack of price transparency.

Internal computer system and business processes will need to be changed to accommodate the new currency. The company has established a cross-functional team, guided by an executive-level steering committee, to address these issues. It currently plans to make changes in two phases. In the first phase, from 1999 to 2001, the company will have the capability to bill customers and pay suppliers in euro, but will continue to maintain its accounts in the national currencies. In 2002, all remaining operational and financial systems will be converted to the euro. The cost of the first phase is not material; the cost of the second phase has not been estimated at this time.

Operating efficiencies should ultimately result from reduction of the complexity of doing business in multiple currencies. No estimate of these efficiencies has been made.

YEAR 2000

The company completed its Year 2000 readiness initiatives and did not experience any significant problems at the beginning of 2000. The company does not anticipate any adverse business effects related to this issue.

The company incurred approximately $21 million in cumulative costs of projects dedicated solely to Year 2000 remediation.

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 18% of our consolidated net sales of $10.5 billion in 1999; (7) currency exchange rate fluctuations in Latin America, Europe, and Asia that could affect our consolidated balance sheet and income statement; and (8) social, economic, and political volatility in developing markets.

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)	1999	1998	1997
Net sales	$ 10,511	$ 10,323	$ 8,617
EXPENSES			
Cost of products sold	7,852	7,805	6,604
Selling, general and administrative	1,753	1,791	1,625
Intangible amortization	31	39	34
Restructuring costs	—	—	343
	9,636	9,635	8,606
Operating Profit	875	688	11
OTHER INCOME (EXPENSE)			
Interest and sundry	(195)	136	(14)
Interest expense	(166)	(260)	(168)
Earnings (Loss) Before Income Taxes and Other Items	514	564	(171)
Income taxes (benefit)	197	209	(9)
Earnings (Loss) from Continuing Operations Before Equity Earnings and Minority Interests	317	355	(162)
Equity in affiliated companies	(4)	1	67
Minority interests	34	(46)	49
Earnings (Loss) from Continuing Operations	347	310	(46)
Loss from discontinued operations (less applicable taxes)	—	—	(11)
Gain on disposal of discontinued operations (less applicable taxes)	—	15	42
Net Earnings (Loss)	$ 347	$ 325	$ (15)
Per share of common stock:			
Basic earnings (loss) from continuing operations	$ 4.61	$ 4.09	$ (0.62)
Basic net earnings (loss)	$ 4.61	$ 4.29	$ (0.20)
Diluted earnings (loss) from continuing operations	$ 4.56	$ 4.06	$ (0.62)
Diluted net earnings (loss)	$ 4.56	$ 4.25	$ (0.20)
Cash dividends	$ 1.36	$ 1.36	$ 1.36

See notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

December 31 (millions of dollars)	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 261	$ 636
Trade receivables, less allowances of 1999: $124; 1998: $116	1,477	1,711
Inventories	1,065	1,100
Prepaid expenses and other	286	268
Deferred income taxes	88	167
Total Current Assets	3,177	3,882
OTHER ASSETS		
Investment in affiliated companies	112	108
Intangibles, net	795	936
Deferred income taxes	247	262
Other	317	329
	1,471	1,635
PROPERTY, PLANT AND EQUIPMENT		
Land	70	77
Buildings	863	900
Machinery and equipment	4,249	4,534
Accumulated depreciation	(3,004)	(3,093)
	2,178	2,418
Total Assets	$ 6,826	$ 7,935
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 444	$ 905
Accounts payable	1,081	1,079
Employee compensation	300	271
Accrued expenses	803	870
Restructuring costs	39	117
Current maturities of long-term debt	225	25
Total Current Liabilities	2,892	3,267
OTHER LIABILITIES		
Deferred income taxes	157	152
Postemployment benefits	612	622
Other liabilities	168	192
Long-term debt	714	1,087
	1,651	2,053
MINORITY INTERESTS	416	614
STOCKHOLDERS' EQUITY		
Common stock, $1 par value: 250 million shares authorized	84	83
Paid-in capital	374	321
Retained earnings	2,268	2,024
Unearned restricted stock	(6)	(3)
Accumulated other comprehensive income	(443)	(183)
Treasury stock – 9 and 6 million shares at cost in 1999 and 1998	(410)	(241)
	1,867	2,001
Total Liabilities and Stockholders' Equity	$ 6,826	$ 7,935

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (millions of dollars)	1999	1998	1997
OPERATING ACTIVITIES			
Net earnings (loss)	$ 347	$ 325	$ (15)
Depreciation	386	399	322
Deferred income taxes	29	26	(208)
Equity in net (earnings) loss of affiliated companies, less dividends received	4	(1)	(51)
Gain on business dispositions	—	(25)	(70)
Provision for doubtful accounts	37	29	89
Amortization of goodwill	31	39	34
Restructuring charges, net of cash paid	(73)	(99)	267
Minority interests	(34)	46	(49)
Changes in assets and liabilities, net of effects of business acquisitions and dispositions:			
Trade receivables	(41)	(184)	(145)
Inventories	(52)	73	177
Accounts payable	106	89	20
Other - net	61	46	222
Cash Provided by Operating Activities	$ 801	$ 763	$ 593
INVESTING ACTIVITIES			
Net additions to properties	$ (437)	$ (523)	$ (378)
Net change in financing receivables and leases	—	—	706
Net assets of discontinued operations	—	—	(562)
Acquisitions of businesses, less cash acquired	—	(121)	179
Net increase in investment in and advances to affiliated companies	—	—	13
Business dispositions	—	587	1,038
Other	—	—	(8)
Cash Provided by (Used for) Investing Activities	$ (437)	$ (57)	$ 988
FINANCING ACTIVITIES			
Proceeds of short-term borrowings	$ 15,479	$ 19,141	$ 31,487
Repayments of short-term borrowings	(15,841)	(19,519)	(32,439)
Proceeds of long-term debt	152	290	102
Repayments of long-term debt	(175)	(306)	(211)
Repayments of non-recourse debt	—	—	(8)
Dividends	(103)	(102)	(102)
Purchase of treasury stock	(167)	—	—
Redemption of preferred stock	—	(40)	—
Other	59	(83)	47
Cash (Used for) Financing Activities	$ (596)	$ (619)	$ (1,124)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	$ (143)	$ (29)	$ (8)
Increase (Decrease) in Cash and Equivalents	$ (375)	$ 58	$ 449
Cash and Equivalents at Beginning of Year	636	578	129
Cash and Equivalents at End of Year	$ 261	$ 636	$ 578

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, 1997	$ 81	$ 3	$ (76)	$ 1,918	$ 1,926
Comprehensive income (loss)					
Net income (loss)				(15)	(15)
Foreign currency items, net of tax (benefit) of $(36)			(73)		(73)
Comprehensive income (loss)					(88)
Common stock issued	1	34			35
Dividends declared on common stock				(102)	(102)
Balances, December 31, 1997	$ 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 (benefit) 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

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 • 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 are accounted for by the equity method. All intercompany transactions have been eliminated upon consolidation.

In 1997, the company increased its voting ownership to a majority interest in its Brazilian affiliate, Brasmotor S.A. As a result, the Brazilian operations are consolidated as of November 1, 1997. Prior to that date, the Brazilian operations were accounted for on an equity basis.

DISCONTINUED OPERATIONS: In 1997, the company discontinued its financial services business; as a result, the statement of earnings, balance sheet and cash flow reflect this business as a discontinued operation.

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 to distributors or directly to retailers.

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 totalled $266 million and $258 million at December 31, 1999 and 1998. 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 $210 million, $209 million and $181 million in 1999, 1998 and 1997.

ADVERTISING COSTS: Advertising costs are charged to expense as incurred. Such costs from continuing operations were $164 million, $179 million and $155 million in 1999, 1998 and 1997.

FOREIGN CURRENCY TRANSLATION: The functional currency for the company's international subsidiaries and affiliates is the local currency. Prior to January 1, 1998, Brazil was considered hyperinflationary and its results were remeasured into U.S. dollars.

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's hedging strategy for the foreign currency exchange risk associated with its investment in Europe is based on projected foreign currency cash flows over periods up to ten years. The company uses 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 are 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 that the notional amounts of these contracts exceed the company's investment in Europe, the related mark-to-market gains and losses would be reflected in current earnings. The net translation loss recognized in other income, including the gains and losses from those contracts not qualifying as hedges, was $201 million in 1999 primarily due to the Brazilian currency devaluation, and $12 million and $8 million in 1998 and 1997. 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.

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement requires recording all derivative instruments as assets or liabilities, measured at fair value. This standard is effective for all companies for fiscal years beginning after June 15, 2000. The company is in the process of evaluating this Statement and does not currently believe it will have a material impact on the company's financial position.

The following table provides the computation of basic and diluted earnings (loss) per share:

December 31 (millions of dollars, except per share data)	1999	1998	1997
Earnings (loss):			
Numerator for earnings (loss) per share from continuing operations	$ 347	$ 310	$ (46)
Numerator for net earnings (loss) per share	347	325	(15)
Weighted-average shares outstanding:			
Denominator for basic earnings (loss) per share	75.2	75.8	74.7
Effect of dilutive employee stock options	0.8	0.7	—
Denominator for diluted earnings (loss) per share	76.0	76.5	74.7
Basic earnings (loss) per share from continuing operations	$ 4.61	$ 4.09	$ (0.62)
Basic net earnings (loss) per share	4.61	4.29	(0.20)
Diluted earnings (loss) per share from continuing operations	$ 4.56	$ 4.06	$ (0.62)
Diluted net earnings (loss) per share	4.56	4.25	(0.20)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 • SUBSEQUENT EVENT

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 Multibrás S.A. Eletrodomesticos (Multibrás). In completing the offer, the company purchased additional shares of Brasmotor and Multibrás for $283 million. With this additional investment, the company's equity interest in its Brazilian subsidiaries increased from approximately 55% to approximately 87%.

NOTE 3 • BUSINESS ACQUISITIONS AND DISPOSITIONS

During 1998, the company purchased a 36% ownership stake in brandwise, LLC, a newly established e-commerce shopping/comparison business. The joint venture will provide consumers with the ability to purchase home accessories on their internet site, brandwise.com. During 1999, the company contributed an additional $6 million thereby maintaining its 36% ownership.

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. was a joint venture formed in 1995. After completion of the sale, the company will continue to hold 20% of the joint venture. The joint venture will continue to sell products under the *Whirlpool* brand in China for a period of three years while it introduces the *Electra* brand. No significant gain or loss was recognized from this transaction.

During 1998, the company increased its ownership stake in its Brazilian subsidiaries by purchasing $43 million of additional shares.

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 about $60 million in cash. The company now owns 100% of SMC.

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.

In November 1997, the company completed the purchase of approximately 33% of the voting shares, as well as preferred, or non-voting shares of the company's Brazilian affiliate, Brasmotor, for $217 million. The shares, combined with the existing holdings, gave the company a controlling interest of approximately 66% of the voting shares of Brasmotor. Brasmotor is the parent company of Multibrás, which has the leading market share position in Latin America, and Empresa Brasileira de Compressores S.A. (Embraco), the world's second largest hermetic compressor manufacturer.

In September 1997, the company reached a definitive agreement to sell the inventory, consumer, and international financing businesses of Whirlpool Financial Corporation (WFC) (refer to Note 4).

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 operating results reflecting these acquisitions and dispositions for the full year would not have been materially different from reported amounts.

NOTE 4 • DISCONTINUED OPERATIONS

In 1997, the company discontinued its financing operations and reached an agreement to sell the majority of WFC's assets in a series of transactions. The company completed the following sales in 1997: certain inventory floor planning financing assets, international factoring assets and certain consumer financing receivables. The company recorded a discontinued pretax gain of $70 million ($42 million after-tax) related to these transactions. A $36 million pretax operating charge ($22 million after-tax) was also recorded in 1997 to provide an additional reserve for certain retained WFC aerospace assets.

During 1998, the company also sold the following assets which were previously held by WFC: international factoring assets, consumer financing receivable assets, certain aerospace financing assets and the European inventory financing assets. These transactions resulted in a discontinued pretax gain of $25 million ($15 million after-tax), and concluded the series of sales transactions. Over the two years 1998 and 1997, the company recorded total after-tax gains of $57 million or $0.74 per diluted share related to these sale transactions.

NOTE 5 • INVENTORIES

December 31 (millions of dollars)	1999	1998
Finished products	$ 932	$ 960
Work in process	48	54
Raw materials	253	279
	1,233	1,293
Less excess of FIFO cost over LIFO cost	168	193
Total inventories	$ 1,065	$ 1,100

LIFO inventories represent approximately 28% and 23% of total inventories at December 31, 1999 and 1998.

NOTE 6 • AFFILIATED COMPANIES

The company has 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 companies principally engaged in the manufacture or sale of major home appliances or related component parts. Prior to consolidation of the company's Brazilian subsidiary for the last two months of 1997 (refer to Note 1), its results were reflected as equity earnings of affiliated companies.

Equity in the net earnings (loss) of affiliated companies, net of related taxes, is as follows:

(millions of dollars)	1999	1998	1997
Brazilian affiliates	$ —	$ (1)	$ 60
Mexican affiliate	3	1	5
Other	(7)	1	2
Total equity earnings (loss)	$ (4)	$ 1	$ 67

NOTE 7 • FINANCING ARRANGEMENTS

The company enters into and utilizes numerous uncommitted credit lines from banks and other financial institutions in the normal course of funding of its operations. To ensure that the company has access to adequate and competitive financing under unusual market conditions, the company also enters into committed credit lines backed by formal agreements with counterparties deemed to be reliable. At December 31, 1999, the company had committed credit lines of approximately $919 million, of which $670 million was available, in place with maturities ranging from one month to four years. Generally, the banks are compensated for their credit lines by a fee and do not require formal compensating balances.

Notes payable consist of the following:

December 31 (millions of dollars)	1999	1998
Payable to banks	$ 353	$ 732
Commercial paper	80	153
Other	11	20
Total notes payable	$ 444	$ 905

The weighted average interest rate on notes payable was 6.86% and 7.60% at December 31, 1999 and 1998.

Although its operating assets have been divested, WFC remains a legal entity with preferred stock arrangements, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The preferred stockholders are entitled to vote together on a share-for-share basis with WFC's common stockholder. Preferred stock dividends are payable quarterly. At its option, WFC may redeem the Series B at any time on or after September 1, 2003 or at any earlier date for Series C. 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	1999	1998
Debentures	2008 and 2016	7.8 and 9.1%	$ 368	$ 368
Senior notes	2000 and 2003	9.0 and 9.5	400	400
Medium-term notes	2000 to 2006	8.9 to 9.1	21	25
Mortgage notes	2000 to 2012	6.3 to 6.6	62	64
Brazilian bank note	2000 to 2004	12.1	92	131
Other			137	164
			1,080	1,152
Less cross currency interest rate swap adjustments			141	40
Less current maturities			225	25
Total long-term debt, net			$ 714	$ 1,087

Annual maturities of long-term debt in the next five years are $225 million, $108 million, $52 million, $248 million and $48 million.

The company paid interest, including a portion recorded as discontinued operations, on short-term and long-term debt totaling $151 million, $290 million and $242 million in 1999, 1998 and 1997.

NOTE 8 • 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 analyses 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 option collars and commodity swaps are based on quoted market prices.

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

December 31 (millions of dollars)	1999 Carrying Amount	1999 Fair Value	1998 Carrying Amount	1998 Fair Value
Long-term debt (including current portion)	$ 1,080	$ 1,098	$ 1,152	$ 1,257
Derivative financial instruments (notional amounts indicated):				
Hedges of net investment in Europe including converted debt:				
Interest rate and cross currency interest rate swaps ($1,026 million in 1999; $1,182 million in 1998)	(141)	(101)	(40)	(7)
Foreign currency forward contracts ($52 million in 1999; $19 million in 1998)	—	—	—	(1)
Domestic interest rate swaps ($120 million in 1999; $120 million in 1998)	—	(1)	—	(2)
Transaction hedges:				
Foreign currency forward and option contracts ($751 million in 1999; $424 million in 1998)	—	12	—	(9)
Hedges with commodity swaps ($14 million in 1999; $23 million in 1998)	—	(2)	—	(2)
Total long-term debt	$ 939	$ 1,006	$ 1,112	$ 1,236

At December 31, 1999, interest rate and cross currency interest rate swaps effectively converted $626 million of U.S. dollar denominated debt into European currency denominations ($285 million - German marks, $261 million - French francs, $28 million - Swiss francs, and $52 million - British pound sterling). About 26% of this converted debt had floating rates and 74% had fixed rates. Floating rates received ranged from LIBOR less .08% to LIBOR, and floating rates paid ranged from local currency LIBOR to local currency LIBOR plus 3.09%. Fixed rates received ranged from 5.93% to 7.20%, and fixed rates paid ranged from 5.13% to 7.98%. The swaps mature within seven years.

At December 31, 1999, one domestic interest rate swap effectively converts $120 million of fixed rate debt into floating rate debt. Fixed rates received are 6.99%. Floating rates paid were LIBOR. The domestic interest rate swap matures within two years.

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 9 • STOCKHOLDERS' EQUITY

On March, 1, 1999, the company announced that its Board of Directors approved the repurchase of up to $250 million of the company's outstanding shares of common stock. The shares are to be purchased on the open market and through privately negotiated sales as the company deems appropriate. Through December 31, 1999, the company had repurchased 2,662,100 shares at a cost of $167 million.

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, 1999 included $17 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. Stock option transactions and restricted stock grants account for the changes in paid-in capital.

One Preferred Stock Purchase Right (Rights) 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, or public disclosure of an intention to commence, of 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTE 10 • STOCK OPTION AND INCENTIVE PLANS

The company's stock option and incentive plan permits the grant of stock options and other stock awards covering up to 10.5 million shares to key employees of the company and its subsidiaries, of which 3.2 million shares are available for grant at December 31, 1999. The plan authorizes the grant of both incentive and nonqualified stock options and, further, authorizes the grant of stock appreciation rights and related supplemental cash payments independently of or with respect to options granted or outstanding. 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) and a Key Employee Retention Program (KERP) have been established under the plan. Performance awards under ESAP, RSVP and KERP are generally earned over multiyear time periods upon the achievement of certain performance objectives or upon a change in control of the company. CSP 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 and KERP 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 totalled 847,000 with a weighted-average grant-date fair value of $51.12 per share at December 31, 1999 and 731,000 with a weighted-average grant-date fair value of $48.06 per share at December 31, 1998. Expenses under the plan were $8 million, $17 million and $21 million in 1999, 1998 and 1997.

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 189,000 shares are available for grant at December 31, 1999. The stock options vest and become exercisable six months after date of grant. There were no significant expenses under this plan for 1999, 1998 or 1997.

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 500,000 shares are available for grant at December 31, 1999.

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 and CSP awards based on the market value of the underlying shares of stock when the number of shares is determinable.

Had the company elected to adopt 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 (loss) and diluted net earnings (loss) per share would be as follows:

December 31 (millions of dollars)	1999	1998	1997
Net earnings (loss)			
As reported	$ 347	$ 325	$ (15)
Proforma	338	318	(21)
Diluted net earnings (loss) per share			
As reported	$ 4.56	$ 4.25	$ (0.20)
Proforma	4.44	4.16	(0.28)

The fair value of stock options used to compute proforma net earnings (loss) and diluted net earnings (loss) per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model with the following assumptions for 1999, 1998 and 1997: expected volatility factor of .255, .216 and .183; dividend yield of 2.2%, 2.4% and 2.4%; risk-free interest rate of 6.4%, 4.5% and 5.5% and a weighted-average expected option life of 5 years for all three years.

A summary of stock option information follows:

	1999		1998		1997	
December 31 (thousands of shares, except per share data)	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at Jan. 1	4,120	$ 50.59	4,230	$ 47.06	4,127	$ 46.31
Granted	1,629	53.19	919	61.83	1,360	45.78
Exercised	(960)	46.35	(770)	44.88	(842)	39.83
Canceled or expired	(184)	55.30	(259)	49.81	(415)	50.12
Outstanding at Dec. 31	4,605	$ 52.21	4,120	$ 50.59	4,230	$ 47.06
Exercisable at Dec. 31	2,611	$ 50.14	2,534	$ 47.65	2,308	$ 46.43
Fair value of options granted during the year		$ 14.59		$ 12.67		$ 9.26

The outstanding options at December 31, 1999, had exercise prices ranging from $24.75 to $72.34 and a weighted-average remaining contractual life of 7.3 years.

NOTE 11 • RESTRUCTURING AND OTHER SPECIAL CHARGES

During 1997, the company incurred restructuring costs of $343 million ($244 million cash costs and $99 million noncash costs) to better align the company's cost structure within the global home-appliance marketplace. Pre-tax restructuring charges of $172 million, $101 million, $35 million, $25 million and $10 million relate to the company's European, Asian, Latin American, corporate and North American operations, respectively. More than 87% of the cash costs have been paid to date, with the remainder to be paid in 2000. The restructuring charge includes the elimination of about 7,900 global positions, of which more than 7,300 positions have been eliminated to date. The impact of 1997 restructuring costs after-tax and minority interests was $232 million or $3.07 per diluted share.

In 1997, the company also recognized special charges of $62 million ($53 million of which affected operating profit), principally due to the adjustment of the carrying value of receivables and inventory, primarily in Europe and Asia. The impact of 1997 special operating charges on continuing operations after-tax and minority interests was $40 million or $0.54 per diluted share. In addition, discontinued operations results included a pre-tax charge of $36 million, after-tax charge of $22 million or $0.29 per diluted share to provide a reserve for certain WFC aerospace assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 • INCOME TAXES

Income tax provisions from continuing operations were as follows:

Year ended December 31 (millions of dollars)	1999	1998	1997
Current:			
Federal	$ 148	$ 132	$ 78
State and local	25	22	20
Foreign	52	40	26
	225	194	124
Deferred:			
Federal	(2)	10	(27)
State and local	–	6	(3)
Foreign	(26)	(1)	(103)
	(28)	15	(133)
Total income tax provision (benefit)	$ 197	$ 209	$ (9)

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

Year ended December 31 (millions of dollars)	1999	1998	1997
Domestic	$ 524	$ 407	$ 288
Foreign	(10)	157	(459)
Total earnings (loss) before income taxes and other items	$ 514	$ 564	$ (171)

Earnings (loss) before income taxes and other items, including discontinued operations (refer to Note 4), were $514 million, $589 million and $(178) million for 1999, 1998 and 1997, respectively.

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

Year ended December 31 (millions of dollars)	1999	1998	1997
U.S. federal statutory rate	35.0%	35.0%	(35.0)%
Impact of restructuring charge	—	—	18.2
State and local taxes, net of federal tax benefit	5.5	5.3	8.8
Nondeductible goodwill amortization	1.6	1.5	2.3
Excess foreign taxes (benefits)	(1.1)	(1.0)	(4.0)
Unrecognized prior year deferred tax assets and carryforwards	(1.7)	(1.9)	(5.1)
Foreign dividends and subpart F income	2.8	2.2	(5.9)
Foreign government tax incentive	(0.2)	(4.0)	—
Unbenefited operating losses	2.1	3.3	10.9
Permanent differences	(6.3)	0.8	(4.5)
Other items	0.5	(4.1)	9.3
Effective income tax (benefit) rate	38.2%	37.1%	(5.0)%

Inclusive of discontinued operations, the effective income tax (benefit) rate was 38.2%, 37.3% and (6.9)% for 1999, 1998 and 1997, respectively.

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 were as follows:

December 31 (millions of dollars)	1999	1998
Deferred tax liabilities:		
Property, plant and equipment	$ 109	$ 158
Financial services leveraged leases	124	125
Software costs	28	15
Contested liabilities	34	—
Other	128	37
Total deferred tax liabilities	423	335
Deferred tax assets:		
Postretirement obligation	176	170
Restructuring costs	24	58
Product warranty accrual	26	33
Receivable and inventory allowances	81	33
Loss carryforwards	152	148
Employee compensation	45	39
Other	55	82
Total deferred tax assets	559	563
Valuation allowances for deferred tax assets	(18)	(19)
Deferred tax assets, net of valuation allowances	541	544
Net deferred tax assets	$ 118	$ 209

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 ($482 million at December 31, 1999) 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 $235 million in 1999, $239 million in 1998 and $23 million in 1997. The increase in 1998 is due to increased earnings as 1997 included $343 million in pre-tax restructuring charges.

At December 31, 1999, the company had foreign net operating loss carryforwards of $362 million which are primarily nonexpiring.

NOTE 13 • PENSION AND POSTRETIREMENT MEDICAL BENEFITS PLANS

The company maintains both contributory and 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.

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 fund the plan. No significant postretirement medical benefits are provided by the company to non-U.S. employees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(millions of dollars)	Pension Benefits 1999	1998	1997
Change in benefit obligation:			
Benefit obligation as of January 1	$ 1,344	$ 1,255	$ 1,057
Service cost	50	49	41
Interest cost	98	91	84
Plan participants' contributions	1	1	1
Amendments	7	30	35
Business combinations	—	—	160
Actuarial (gain) loss	(114)	28	36
Benefits paid	(93)	(86)	(152)
Curtailments	—	(14)	(14)
Special termination benefits	(2)	(2)	17
Foreign currency exchange rate changes	(49)	(8)	(10)
Benefit obligation as of December 31	$ 1,242	$ 1,344	$ 1,255
Change in plan assets:			
Fair value of plan assets as of January 1	$ 1,672	$ 1,452	$ 1,322
Actual return on plan assets	644	292	207
Business combinations	—	—	72
Employer contributions	12	17	7
Plan participants' contributions	1	1	1
Benefits paid	(93)	(86)	(152)
Foreign currency exchange rate changes	(35)	(4)	(5)
Fair value of plan assets as of December 31	$ 2,201	$ 1,672	$ 1,452
Reconciliation of prepaid (accrued) cost and total amount recognized:			
Funded status as of December 31	$ 959	$ 328	$ 197
Unrecognized actuarial (gain)	(1,087)	(471)	(365)
Unrecognized prior service cost	73	71	83
Unrecognized transition asset	11	22	33
Prepaid (accrued) cost as of December 31	$ (44)	$ (50)	$ (52)
Prepaid cost at December 31	$ 85	$ 114	$ 98
Accrued benefit liability at December 31	(138)	(173)	(159)
Intangible asset	2	2	3
Other	7	7	6
Total recognized as of December 31	$ (44)	$ (50)	$ (52)
Weighted average assumptions as of December 31:			
Discount rate	5.0 to 11.3%	5.5 to 9.0%	6.0 to 9.0%
Expected return on assets	6.0 to 11.3%	6.0 to 9.5%	4.5 to 9.5%
Rate of compensation increase	2.5 to 8.0%	2.0 to 8.0%	2.5 to 9.0%
Components of net periodic benefit cost:			
Service cost	$ 50	$ 49	$ 41
Interest cost	98	91	84
Expected return on plan assets	(127)	(112)	(103)
Recognized actuarial (gain)	(7)	(8)	(7)
Amortization of prior service cost	9	9	8
Amortization of transition assets	(1)	—	(3)
Net periodic benefit cost	22	29	20
Curtailments	—	(7)	(13)
Special termination benefits	(1)	2	17
Settlements	—	(3)	(29)
Total cost	$ 21	$ 21	$ (5)

(millions of dollars)	Postretirement Medical Benefits 1999	1998	1997
Change in benefit obligation:			
Benefit obligation as of January 1	$ 428	$ 388	$ 382
Service cost	10	10	10
Interest cost	30	29	29
Actuarial (gain) loss	(34)	22	(15)
Benefits paid	(20)	(21)	(18)
Benefit obligation as of December 31	$ 414	$ 428	$ 388
Change in plan assets:			
Fair value of plan assets as of January 1	$ —	$ —	$ —
Employer contributions	20	21	18
Benefits paid	(20)	(21)	(18)
Fair value of plan assets as of December 31	$ —	$ —	$ —
Reconciliation of prepaid (accrued) cost and total amount recognized:			
Funded status as of December 31	$ (414)	$ (428)	$ (388)
Unrecognized actuarial (gain) loss	(27)	8	(14)
Prepaid (accrued) cost as of December 31	$ (441)	$ (420)	$ (402)
Prepaid cost at December 31	—	—	—
Accrued benefit liability at December 31	(441)	(420)	(402)
Total recognized as of December 31	$ (441)	$ (420)	$ (402)
Weighted average assumptions as of December 31:			
Discount rate	8.00%	7.25%	7.75%
Medical costs trend rate:			
For year ending December 31	7.00%	7.00%	8.00%
Ultimate (year 2000)	6.00%	6.00%	6.00%
Components of net periodic benefit cost:			
Service cost	$ 10	$ 10	$ 10
Interest cost	30	29	29
Net periodic benefit cost	$ 40	$ 39	$ 39
Total cost	$ 40	$ 39	$ 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	$ 29	$ (28)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 $80 million, $71 million and $5 million, respectively, as of December 31, 1999, $86 million, $67 million and $6 million, respectively, as of December 31, 1998, and $312 million, $221 million and $140 million, respectively, as of December 31, 1997.

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 $9 million, $7 million and $6 million in 1999, 1998 and 1997.

NOTE 14 • 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, 1999 the company had $277 million in receivables subject to resourse provisions and $169 million in guarantees of customer lines of credit at commercial banks.

At December 31, 1999, the company had noncancelable operating lease commitments totaling $234 million. The annual future minimum lease payments are detailed below.

(millions of dollars)	Annual Expense
2000	$ 62
2001	43
2002	35
2003	29
2004	27
Thereafter	38
Total noncancellable operating lease commitments	$ 234

The company's rent expense was $87 million, $81 million and $82 million for the years 1999, 1998 and 1997, respectively.

NOTE 15 • 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 income, 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 and Eliminations. Total assets are those assets directly associated with the respective operating activities. Other assets consist principally of assets related to corporate activities, including the assets of discontinued operations held for sale in 1997.

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 18%, 17% and 20% of consolidated net sales in 1999, 1998 and 1997. Related receivables were 22%, 16% and 17% of consolidated trade receivables as of December 31, 1999, 1998 and 1997.

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 54%, 50% and 57% of consolidated net sales for 1999, 1998 and 1997, respectively, while Brazil totalled 15% and 19% for 1999 and 1998. As a percentage of total assets, the United States accounted for 65%, 57% and 53% at the end of 1999, 1998 and 1997. Brazil accounted for 24%, 31% and 31% of total assets at the end of 1999, 1998 and 1997, respectively. The company's Brazilian affiliates were consolidated in November of 1997 and therefore included only in the the total asset calculation for 1997.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(millions of dollars)	North America	Europe	Latin America	Asia	Other and Eliminations	Total Whirlpool
GEOGRAPHIC SEGMENTS						
Net sales						
1999	$ 6,159	$ 2,452	$ 1,668	$ 375	$ (143)	$ 10,511
1998	$ 5,599	$ 2,439	$ 2,090	$ 313	$ (118)	$ 10,323
1997	$ 5,263	$ 2,343	$ 447	$ 400	$ 164	$ 8,617
Intangible amortization						
1999	$ 3	$ 16	$ 2	$ 5	$ 5	$ 31
1998	$ 3	$ 16	$ 6	$ 4	$ 10	$ 39
1997	$ 3	$ 16	$ 1	$ 4	$ 10	$ 34
Depreciation						
1999	$ 151	$ 88	$ 95	$ 21	$ 31	$ 386
1998	$ 143	$ 94	$ 126	$ 15	$ 21	$ 399
1997	$ 145	$ 110	$ 3	$ 13	$ 51	$ 322
Restructuring costs and special charges						
1999	$ —	$ —	$ —	$ —	$ —	$ —
1998	$ —	$ —	$ —	$ —	$ —	$ —
1997	$ —	$ —	$ —	$ —	$ 396	$ 396
Operating profit (loss)						
1999	$ 725	$ 177	$ 120	$ 13	$ (160)	$ 875
1998	$ 630	$ 122	$ 120	$ (17)	$ (167)	$ 688
1997	$ 546	$ 54	$ 22	$ (62)	$ (549)	$ 11
Total assets						
1999	$ 2,254	$ 1,921	$ 1,653	$ 719	$ 279	$ 6,826
1998	$ 2,091	$ 2,298	$ 2,499	$ 722	$ 325	$ 7,935
1997	$ 2,046	$ 1,999	$ 2,403	$ 672	$ 1,150	$ 8,270
Capital expenditures						
1999	$ 227	$ 77	$ 110	$ 9	$ 14	$ 437
1998	$ 188	$ 78	$ 239	$ 25	$ 12	$ 542
1997	$ 128	$ 84	$ 49	$ 100	$ 17	$ 378

NOTE 16 • QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

(millions of dollars, except per share data)	Three Months Ended December 31	September 30	June 30	March 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 paid	$ .34	$ .34	$ .34	$ .34
Stock price:				
High	$ 73.56	$ 78.25	$ 74.00	$ 57.00
Low	$ 56.75	$ 61.25	$ 50.50	$ 40.94
Close	$ 65.06	$ 65.31	$ 74.00	$ 54.38

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

(millions of dollars, except per share data)	Three Months Ended December 31	September 30	June 30	March 31
1998:				
Net sales	$ 2,735	$ 2,539	$ 2,585	$ 2,464
Cost of products sold	$ 2,045	$ 1,929	$ 1,962	$ 1,869
Earnings from continuing operations	$ 83	$ 78	$ 81	$ 68
Net earnings	$ 83	$ 78	$ 84	$ 80
Per share of common stock:				
Basic earnings from continuing operations	$ 1.10	$ 1.03	$ 1.07	$ .91
Basic net earnings	$ 1.10	$ 1.03	$ 1.11	$ 1.06
Diluted earnings from continuing operations	$ 1.09	$ 1.02	$ 1.05	$ .90
Diluted net earnings	$ 1.09	$ 1.02	$ 1.10	$ 1.05
Dividends paid	$ .34	$ .34	$ .34	$ .34
Stock price:				
High	$ 59.50	$ 69.94	$ 75.25	$ 70.00
Low	$ 43.69	$ 45.00	$ 62.44	$ 50.38
Close	$ 55.38	$ 47.00	$ 68.75	$ 68.69

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, 1999 and 1998, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. 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 and 1997 financial statements of Brasmotor S.A. and its consolidated subsidiaries, whose statements reflect total assets of $2,500 million as of December 31, 1998 and net earnings of $58 million and $41 million for the years ended December 31, 1998 and 1997, respectively. 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, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

CHICAGO, ILLINOIS
JANUARY 20, 2000

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 LLP, independent auditors, whose report, based upon their audits, 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 Brown

MARK E. BROWN
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
FEBRUARY 12, 2000

ELEVEN-YEAR CONSOLIDATED STATISTICAL REVIEW

(millions of dollars, except share and employee data)	1999	1998
CONSOLIDATED OPERATIONS		
Net sales	$ 10,511	$ 10,323
Operating profit (1)	$ 875	$ 688
Earnings (loss) from continuing operations before income taxes and other items	$ 514	$ 564
Earnings (loss) from continuing operations	$ 347	$ 310
Earnings (loss) from discontinued operations (2)	$ —	$ 15
Net earnings (loss) (3)	$ 347	$ 325
Net capital expenditures	$ 437	$ 523
Depreciation	$ 386	$ 399
Dividends	$ 103	$ 102
CONSOLIDATED FINANCIAL POSITION		
Current assets	$ 3,177	$ 3,882
Current liabilities	$ 2,892	$ 3,267
Working capital	$ 285	$ 615
Property, plant and equipment – net	$ 2,178	$ 2,418
Total assets	$ 6,826	$ 7,935
Long-term debt	$ 714	$ 1,087
Stockholders' equity	$ 1,867	$ 2,001
PER SHARE DATA		
Basic earnings (loss) from continuing operations	$ 4.61	$ 4.09
Diluted earnings (loss) from continuing operations	$ 4.56	$ 4.06
Diluted net earnings (loss) (3)	$ 4.56	$ 4.25
Dividends	$ 1.36	$ 1.36
Book value	$ 24.55	$ 26.16
Closing stock price – NYSE	$ 65.06	$ 55.38
KEY RATIOS (4)		
Operating profit margin	8.3%	6.7%
Pre-tax margin (5)	4.9%	5.5%
Net margin (6)	3.3%	3.0%
Return on average stockholders' equity (7)	17.9%	17.2%
Return on average total assets (8)	4.2%	4.6%
Current assets to current liabilities	1.1	1.2
Total debt-appliance business as a percent of invested capital (9)	37.7%	43.5%
Price earnings ratio	14.3	13.0
Interest coverage (10)	4.1	3.2
OTHER DATA		
Number of common shares outstanding (in thousands):		
Average – on a diluted basis	76,044	76,507
Year-end	74,463	76,089
Number of stockholders (year-end)	12,531	13,584
Number of employees (year-end)	61,066	58,630
Total return to shareholders (five year annualized) (11)	7.9%	(1.2)%

(1) Restructuring and special operating charges were $405 million in 1997 (refer to Note 11), $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.

1997	1996	1995	1994	1993	1992	1991	1990	1989
$ 8,617	$ 8,523	$ 8,163	$ 7,949	$ 7,368	$ 7,097	$ 6,550	$ 6,424	$ 6,138
$ 11	$ 278	$ 366	$ 370	$ 504	$ 447	$ 353	$ 300	$ 377
$ (171)	$ 100	$ 214	$ 269	$ 418	$ 334	$ 256	$ 177	$ 281
$ (46)	$ 141	$ 195	$ 147	$ 257	$ 179	$ 139	$ 45	$ 169
$ 31	$ 15	$ 14	$ 11	$ (28)	$ 26	$ 31	$ 27	$ 18
$ (15)	$ 156	$ 209	$ 158	$ 51	$ 205	$ 170	$ 72	$ 187
$ 378	$ 336	$ 483	$ 418	$ 309	$ 288	$ 287	$ 265	$ 208
$ 322	$ 318	$ 282	$ 246	$ 241	$ 275	$ 233	$ 247	$ 222
$ 102	$ 101	$ 100	$ 90	$ 85	$ 77	$ 76	$ 76	$ 76
$ 4,281	$ 3,812	$ 3,541	$ 3,078	$ 2,708	$ 2,740	$ 2,920	$ 2,900	$ 2,889
$ 3,676	$ 4,022	$ 3,829	$ 2,988	$ 2,763	$ 2,887	$ 2,931	$ 2,651	$ 2,251
$ 605	$ (210)	$ (288)	$ 90	$ (55)	$ (147)	$ (11)	$ 249	$ 638
$ 2,375	$ 1,798	$ 1,779	$ 1,440	$ 1,319	$ 1,325	$ 1,400	$ 1,349	$ 1,288
$ 8,270	$ 8,015	$ 7,800	$ 6,655	$ 6,047	$ 6,118	$ 6,445	$ 5,614	$ 5,354
$ 1,074	$ 955	$ 983	$ 885	$ 840	$ 1,215	$ 1,528	$ 874	$ 982
$ 1,771	$ 1,926	$ 1,877	$ 1,723	$ 1,648	$ 1,600	$ 1,515	$ 1,424	$ 1,421
$ (0.62)	$ 1.90	$ 2.64	$ 1.98	$ 3.60	$ 2.55	$ 2.00	$ 0.65	$ 2.44
$ (0.62)	$ 1.88	$ 2.60	$ 1.95	$ 3.47	$ 2.46	$ 1.98	$ 0.65	$ 2.44
$ (0.20)	$ 2.08	$ 2.78	$ 2.10	$ 0.71	$ 2.81	$ 2.41	$ 1.04	$ 2.70
$ 1.36	$ 1.36	$ 1.36	$ 1.22	$ 1.19	$ 1.10	$ 1.10	$ 1.10	$ 1.10
$ 23.71	$ 25.93	$ 25.40	$ 23.21	$ 23.17	$ 22.91	$ 21.78	$ 20.51	$ 20.49
$ 55.00	$ 46.63	$ 53.25	$ 50.25	$ 66.50	$ 44.63	$ 38.88	$ 23.50	$ 33.00
0.1%	3.3%	4.5%	4.7%	6.8%	6.3%	5.4%	4.7%	6.1%
(2.0)%	1.2%	2.6%	3.4%	5.7%	4.7%	3.9%	2.8%	4.6%
(0.5)%	1.7%	2.4%	1.8%	3.5%	2.5%	2.1%	0.7%	2.8%
(0.8)%	8.2%	11.6%	9.4%	14.2%	13.1%	11.6%	5.1%	13.7%
(0.7)%	1.8%	3.0%	2.8%	4.0%	3.3%	2.9%	1.4%	4.9%
1.2	0.9	0.9	1.0	1.0	0.9	1.0	1.1	1.3
46.1%	44.2%	45.2%	35.6%	33.8%	42.8%	46.7%	39.1%	39.2%
—	22.4	19.2	23.9	21.2	15.9	16.1	22.6	12.2
—	1.6	2.7	3.6	5.0	3.5	3.0	2.3	3.5
74,697	77,178	76,812	77,588	76,013	75,661	72,581	69,595	69,461
75,262	74,415	74,081	73,845	73,068	70,027	69,640	69,465	69,382
10,171	11,033	11,686	11,821	11,438	11,724	12,032	12,542	12,454
61,370	48,163	45,435	39,016	39,590	38,520	37,886	36,157	39,411
6.8%	6.3%	20.8%	12.0%	25.8%	17.0%	6.7%	2.8%	11.3%

(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 and President, Digital Restaurant Solutions

GARY T. DICAMILLO[1,2]
Chairman and Chief Executive Officer, Polaroid Corporation

JEFF M. FETTIG
President and Chief Operating Officer of the Company

ALLEN D. GILMOUR[3,4]
Former Vice Chairman, Ford Motor Company

KATHLEEN J. HEMPEL[1,3]
Former Vice Chairman and Chief Financial Officer, Fort Howard Corp. (now Fort James Corp.)

JAMES M. KILTS[2,4]
President and Chief Executive Officer, Nabisco, Inc.

ARNOLD G. LANGBO[2,4]
Chairman of the Board, Kellogg Co.

MILES L. MARSH[1,3]
Chairman, President and Chief Executive Officer, Fort James Corp.

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, L.L.P. and Partner, Arlington Capital Partners, L.L.P.

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, Whirlpool Europe Region

DANIEL F. HOPP
Senior Vice President, Corporate Affairs and General Counsel

RONALD L. KERBER
Executive Vice President and Chief Technology Officer

GREG A. LEE
Senior Vice President, Human Resources

PAULO F. M. PERIQUITO
Executive Vice President, Latin American Region

MICHAEL D. THIENEMAN
Executive Vice President, North American Region

SENIOR OFFICERS (VICE PRESIDENTS)

J.C. ANDERSON
Senior Vice President, Group Manufacturing and Technology, and Product Delivery, North America

ROY V. ARMES
Global Procurement Operations

BETTY A. BEATY
Controller

MARC BITZER
Bauknecht **Brand, Whirlpool Europe**

R. DAVID BUTLER
Chief Information Officer

RUY CAMPOS
Finance and Chief Financial Officer, Latin America

DANIEL G. CLIFFORD
Sears Sales and Marketing, North America

TED A. DOSCH
Finance, North America

GARRICK D'SILVA
President and Chief Executive Officer, Whirlpool South Asia

RICARDO J. ETCHENIQUE
Sales, Distribution and Marketing, Multibrás S.A.

ERNESTO HEINZELMANN
President and Chief Executive Officer, Embraco S.A.

EDWARD J. HERRELKO II
Sales, Marketing and Logistics, Whirlpool Europe

KENNETH W. KAMINSKI
KitchenAid **Brand, North America**

GREGORY T. MCMANUS
Sales and Logistics, North America

DAVID J. MEHRBRODT
Whirlpool **Brand, North America**

RUDOLPH S. PROVOOST
Whirlpool **Brand, Whirlpool Europe**

GWYN PUGH
Group Manufacturing and Technology, Whirlpool Europe

MICHAEL A. TODMAN
Senior Vice President, Sales and Marketing, North America

H. GLEN WALKER
Finance and Chief Financial Officer, Whirlpool Europe

STOCKHOLDERS' AND OTHER INFORMATION

FINANCIAL INFORMATION

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

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.fcnbd.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, 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

ANNUAL MEETING

Whirlpool Corporation's next annual meeting is scheduled for Tuesday, April 18, 2000, at 9:30 A.M. (Central Time), at 181 West Madison Street, Seventh 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 2000)

COMMON-STOCK MARKET PRICE

	High	Low	Close
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
4Q 1998	$ 59 1/2	$ 43 11/16	$ 55 3/8
3Q 1998	69 15/16	45	47
2Q 1998	75 1/4	62 7/16	68 3/4
1Q 1998	70	50 3/8	68 11/16

STOCKHOLDERS' AND OTHER INFORMATION

TRADEMARKS

Admiral **(Canada)**, *Architect, Bauknecht, Consul, Eslabon de Lujo, Estate, Ignis, Inglis, KitchenAid, Laden, Raybo, Resource Saver, Roper, Semer, Speed Queen* **(Canada)**, *Whirlpool* **and** *Whirlpool Gold* **are trademarks of Whirlpool Corporation or its wholly or majority-owned affiliates.**

Kenmore **is a trademark of Sears, Roebuck and Co.**

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

Narcissus **is a trademark of Whirlpool Narcissus (Shanghai) Co. Ltd.**

SMC **is a trademark of Shunde Whirlpool SMC Microwave Products Co. Ltd.**

Energy Star **is a service mark of the Environmental Protection Agency, and the Department of Energy**

Habitat for Humanity **is a service mark of Habitat for Humanity International, Inc.**

INTERNET ADDRESS

Whirlpool financial information, product specifications, remodeling ideas and more are available at the Whirlpool Corporation site on the World Wide Web (www.whirlpoolcorp.com).

WHIRLPOOL CORPORATION GENERAL OFFICES

World Headquarters and North America
2000 N. M-63, Benton Harbor, MI 49022-2692
Telephone: 616/923-5000

EUROPE

Viale G. Borghi 27, 21025 Comerio VA, Italy
Telephone: 39 0332 759 111, Fax: 39 0332 759 347

LATIN AMERICA

Av. das Naces Unidas N. 12.995 – São Paulo – S.P. 04578-000, Brazil
Telephone: 55 11 5586-6473, 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**

Design: SamataMason Photography: Marc Norberg and Whirlpool Photo Services Production: Whirlpool Creative and Publishing Services Printing: Lithotone Inc.