



# Annual Report 2007



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SENSING THE DIFFERENCE

Using innovation and technology  
to bring the forces of nature into your home.



SENSING THE DIFFERENCE

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

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

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

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



Don't be surprised if nature makes itself at home.



**2007: Unprecedented Challenges, Unprecedented Success**

During 2007, we achieved great progress in executing our strategy while successfully managing unprecedented levels of material and oil-related cost increases. Base metals, steel, resin and logistic costs all hit record highs. In total, our business absorbed more than \$500 million in higher costs during 2007, after absorbing \$300 million in the second half of 2006. We confronted this significant challenge by accelerating new product innovation to the market, increasing productivity and maintaining cost controls. All of which enabled Whirlpool to deliver a record year of results, highlighted by:

- Record revenues of \$14.3 billion, up 8.3 %.
- Record \$422 million net earnings, up 3.9 %.
- Record earnings per diluted share at \$6.19, up from \$5.90 in 2006.
- \$881 million in cash from operating activities.
- Debt-to-Capital ratio reduced from 46% to 40%.
- Continued global growth of the Whirlpool brand as the number one selling appliance brand in the world.
- Internal controls over financial reporting were again assessed to be effective under Section 404 of the Sarbanes-Oxley Act of 2002.
- Our agreement to acquire Maytag Corporation, which obtained subsequent Maytag shareholder approval.

**Our Brand-Value-Creation Strategy**

The fundamentals of our strategy remain unchanged; the real story continues to be our progress in accelerating the execution of this strategy. The success of our global business is driven by our ability to truly understand and fulfill customer needs, develop highly innovative branded solutions, effectively serve our trade customers and continuously improve productivity and quality. The major elements of our strategy are listed below: Building upon our combined capabilities and successfully executing each element of our strategy throughout the year enabled us to overcome the challenges of 2007 and deliver record results.

**Innovation: Driving Growth and Customer Loyalty**

A spirit of resourcefulness, creativity and passion within all our people drives the success of our global business. Our strategy is to enrich the value of our products and brands. Customer loyalty is an important element of this approach, and Whirlpool innovation enables our people to create the products and services that delight our customers and grow shareholder value. Over the last six years, we've worked hard to make innovation a key capability across the organization, an enabler that sets us apart from others and a key factor in creating long-term value. This has been a massive transformation of our company and continues to be at the top of our priorities moving forward. We consistently invest in the support and development of our global innovation capability and product pipeline. We've now more than doubled our potential revenue from innovation from \$1.3 billion in 2005 to \$3.3 billion in 2007. We've achieved our goal of producing a pipeline with more than \$3 billion in potential steady-state value to ensure continuous brand loyalty and revenue growth over time. And as a result, we successfully launched more than twice as many new products in 2007, and in half the time, compared to when we began our innovation process six years ago.

**Staying the Course**

In addition to distinguishing our global products and brands through innovation, and providing the best trade service in the industry, we also continued our focus on achieving the best cost and highest quality products. We expanded our low-cost manufacturing capacity with the inauguration of a new cooking factory in Poland, and by constructing new refrigerator and washer plants in Mexico. Working broadly with our trade customers, we helped provide training for hundreds of their sales associates on how to introduce our innovations on showroom floors. We're also making significant strides in the contract homebuilder channel, which remains an important entryway for us to launch our new innovation in the new home segment of the market.

Where does your favorite treat fall?



Beverage	Setting
Frappachino	F0
Lemon Ice	F1
Smoothie	F2
Granita	F3
Margarita	F4
Strawberry Daiquiri	F5



Find new ways to commune with nature.

Year Ended December 31 (millions of dollars except per share data)	2005	2006	2007
Net Sales	\$12,176	\$13,220	\$14,317
<b>Expenses</b>			
Cost of products sold	9,423	10,358	11,269
Selling, general and administrative	1,920	2,089	2,199
Restructuring costs	3	15	57
Operating profit	830	758	792
<b>Other income (expense)</b>			
Interest and sundry income (expense)	(41)	(14)	(65)
Interest expense	(137)	(128)	(130)
Earnings before income taxes and other items	652	616	597
Income taxes	228	209	171
Earnings before equity earnings and minority interests	424	407	426
Equity in income (loss) of affiliated companies	-	(1)	1
Minority interests	(10)	-	(5)
Net earnings	\$414	\$406	\$422
<b>Per share of common stock:</b>			
Basic net earnings	\$6.03	\$6.02	\$6.30
Diluted net earnings	\$5.91	\$5.90	\$6.19
Dividends	\$1.36	\$1.72	\$1.72
<b>Weighted-average shares outstanding (millions):</b>			
Basic	68.7	67.4	67.1
Diluted	70.1	68.9	68.3

Net Earnings (Loss)  
(\$ in Billions)



Debt / Total Capital  
(Percent)

