WHIRLPOOL CORP /DE/
Form 10-K
February 28, 2007
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2006

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number 1-3932

WHIRLPOOL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**38-1490038**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
2000 North M-63, Benton Harbor, Michigan	**49022-2692**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (269) 923-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered

Common stock, par value $1.00 per share	Chicago Stock Exchange and New York Stock Exchange
Preferred Stock Purchase Rights	Chicago Stock Exchange and New York Stock Exchange
7 3/4% Debentures due 2016	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, or an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one)

Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the voting stock of the registrant held by stockholders not including voting stock held by directors and executive officers of the registrant and certain employee plans of the registrant (the exclusion of such shares shall not be deemed an admission by the registrant that any such person is an affiliate of the registrant) at the close of business on June 30, 2006 (the last business day of the registrant s most recently completed second fiscal quarter) was $6,318,461,454.

On February 22, 2007, the registrant had 78,697,787 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated herein by reference into the Part of the Form 10-K indicated:

Document	**Part of Form 10-K into which incorporated**
The registrant s proxy statement for the 2007 annual meeting of stockholders (the Proxy Statement)	Part III

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PART I

ITEM 1. *Business*.

Whirlpool Corporation, the world s leading manufacturer and marketer of major home appliances, was incorporated in 1955 under the laws of Delaware as the successor to a business that traces its origin to 1898. Whirlpool manufactures products in 12 countries under 14 principal brand names and markets products in nearly every country around the world. As of December 31, 2006, we had approximately 73,000 employees.

As used herein, and except where the context otherwise requires, Whirlpool, we, us, and our refer to Whirlpool Corporation and its consolidated subsidiaries.

Products and Markets

Whirlpool manufactures and markets a full line of major appliances and related products, primarily for home use. Our principal products are laundry appliances, refrigerators and freezers, cooking appliances, dishwashers, room air-conditioning equipment, and mixers and other small household appliances. We also produce hermetic compressors for refrigeration systems.

For each class of products which accounted for 10% or more of our consolidated net sales over the last three years, the following table lists the total net sales of each class.

	Percent in	Year ended December 31 (millions of dollars)		
Class of Similar Products	**2006**	**2006**	**2005**	**2004**
Home Laundry Appliances	30%	$ 5,474	$ 4,425	$ 4,070
Home Refrigerators and Freezers	30%	$ 5,341	$ 4,506	$ 3,879
Home Cooking Appliances	16%	$ 2,909	$ 2,186	$ 2,021
Other	24%	$ 4,356	$ 3,200	$ 3,250
Net Sales	100%	$ 18,080	$ 14,317	$ 13,220

In North America, Whirlpool markets and distributes major home appliances and portable appliances under a variety of brand names. In the United States, we market and distribute products under the *Whirlpool*, *Maytag*, *KitchenAid*, *Jenn-Air*, *Roper*, *Estate*, *Admiral*, *Magic Chef*, *Amana*, and *Inglis* brand names primarily to retailers, distributors, and builders. In Canada, we market and distribute major home appliances under the *Inglis*, *Admiral*, *Whirlpool*, *Maytag*, *Jenn-Air*, *Magic Chef*, *Amana*, *Roper*, and *KitchenAid* brand names. In Mexico, we market and distribute major home appliances under the *Whirlpool*, *Maytag*, *Jenn-Air*, *Acros*, *KitchenAid*, *Estate*, *Roper*, and *Supermatic* brand names. We sell some products to other manufacturers, distributors, and retailers for resale in North America under those manufacturers and retailers respective brand names. We have manufacturing facilities in the United States and Mexico.

Whirlpool is a major supplier to Sears of laundry, refrigerator, dishwasher, and trash compactor home appliances. Sears markets some of the products that we supply to them under its *Kenmore* brand name. Sears is also a major outlet for our *Whirlpool*, *Maytag*, *KitchenAid, Jenn-Air,* and *Amana* brand products. In 2006, approximately 14% of our consolidated net sales were attributable to sales to Sears.

In Whirlpool s European region, we market and distribute our major home appliances under the *Whirlpool*, *Maytag*, *Amana*, *Bauknecht*, *Ignis*, *Laden*, and *Polar* brand names, and major and portable appliances under the *KitchenAid* brand name. In addition to our extensive operations in Western Europe, we have sales subsidiaries in Russia, Hungary, Poland, the Czech Republic, Slovakia, Greece, Romania, Bulgaria, Latvia, Estonia, Lithuania, Croatia, Morocco, and Turkey, with representative offices in Ukraine, Kazakhstan, Slovenia, and Serbia and Montenegro. Whirlpool markets a full line of products under the *Whirlpool*, *KIC,* and *Ignis* brand names in South

Africa. Whirlpool s European operations also sell products carrying the *Whirlpool*, *Bauknecht,* and *Ignis* brand names to distributors and dealers in Africa and the Middle East. Whirlpool has manufacturing facilities in France, Germany, Italy, Poland, Slovakia, South Africa, and Sweden.

In Latin America, we market and distribute our major home appliances under the *Whirlpool*, *Maytag*, *KitchenAid*, *Brastemp*, *Consul*, and *Eslabon de Lujo* brand names. We manage appliance sales and distribution in Brazil, Argentina, Chile, and Peru through our Brazilian subsidiary, and in Bolivia, Paraguay, and Uruguay through our distributors. We manage appliance sales and distribution in Central American countries, the Caribbean, Venezuela, Colombia, Guatemala, and Ecuador through Whirlpool s North America southern region and through distributors. In Latin America, Whirlpool has manufacturing facilities in Brazil.

In Asia, Whirlpool has organized the marketing and distribution of its major home appliances into five operating groups: (1) China, which includes mainland China; (2) Hong Kong and Taiwan; (3) India, which includes Bangladesh, Sri Lanka, and Nepal; (4) Oceania, which includes Australia, New Zealand, and Pacific Islands; and (5) Southeast Asia, which includes Thailand, Singapore, Malaysia, Indonesia, Vietnam, the Philippines, Korea, and Japan. We market and sell our products in Asia under the *Whirlpool*, *Maytag*, *KitchenAid*, *Bauknecht,* and *Ignis* brand names by a combination of direct sales to appliance retailers and chain stores and through full-service distributors to a large network of retail stores. In Asia, Whirlpool has manufacturing facilities in China and India.

Competition

Competition in the home appliance industry is intense. In addition to traditional competitors such as Electrolux, GE, and Kenmore, there are new and expanding foreign competitors such as LG, Bosch Siemens, Samsung, Fisher & Paykel, and Haier. Moreover, the U.S. customer base is characterized by large, sophisticated trade customers who have many choices and demand competitive products, services, and prices. In most major markets throughout the world, 2006 was a challenging year for the industry with continued rising costs in the areas of metals, oil-based materials, such as resins, and transportation. Competition in our markets is based upon a wide variety of factors, including cost, selling price, distribution, performance, innovation, product features, quality, and other financial incentives. These financial incentives include cooperative advertising, co-marketing funds, sales person incentives, volume rebates, and terms. We believe that we can best compete in the current environment by increasing productivity, improving quality, lowering costs, focusing on research and development including introducing new products through innovation, building strong brands, enhancing trade customer and consumer value with our product offerings, continuing to expand our global footprint, expanding trade distribution channels, and taking other efficiency-enhancing measures.

Other Information

Whirlpool is generally not dependent upon any one source for raw materials or purchased components essential to its business. In areas where a single supplier is used, alternative sources are generally available and can be developed within the normal manufacturing environment. Some unanticipated costs may be incurred in transitioning to a new supplier if a prior single supplier was abruptly terminated. There has been continued significant cost pressure in some areas, such as metals and oil-based materials, and significant demand for certain components. We believe such raw materials and components will be available in adequate quantities to meet anticipated production schedules.

The patents we presently own are considered, in the aggregate, to be valuable. Also, Whirlpool is the owner of a number of trademarks in the U.S. and foreign countries. The most important trademarks that we own in North America are *Whirlpool*, *Maytag*, *KitchenAid*, *Estate*, *Roper*, *Admiral*, *Amana*, *Jenn-Air*, *Magic Chef*, and *Acros*. The most important trademarks that we own in Europe are *Whirlpool*, *Bauknecht,* and *Ignis*. In Latin America, the most important trademarks that we own are *Whirlpool*, *Brastemp,* and *Consul*. The most important trademark that we own in Asia is *Whirlpool*. Whirlpool also receives royalties from licensing its trademarks to

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third parties to sell and service certain products bearing the *Whirlpool, Maytag, KitchenAid, Jenn-Air, Admiral,* and *Magic Chef* brand names.

Expenditures for Whirlpool-sponsored research and development relating to new products and the improvement of existing products were approximately $428 million in 2006, $339 million in 2005, and $315 million in 2004.

Whirlpool s manufacturing facilities are subject to numerous laws and regulations designed to protect or enhance the environment, many of which require federal, state, or other governmental licenses and permits with regard to wastewater discharges, air emissions, and hazardous waste management. Our policy is to comply with all such laws and regulations. Where laws and regulations are less restrictive, we have established and are following our own standards consistent with our commitment to environmental responsibility.

We believe that we are in compliance in all material respects with all presently applicable federal, state, local, and other governmental provisions relating to environmental protection in the countries in which we have manufacturing operations. Compliance with these environmental laws and regulations has not had a material effect on capital expenditures, earnings, or our competitive position. Capital expenditures and expenses for manufacturing operations directly attributable to compliance with these environmental provisions worldwide amounted to approximately $33 million in 2006, $28 million in 2005, and $28 million in 2004. We estimate that in 2007, environmental capital expenditures and expenses for manufacturing operations will be approximately $27 million. Capital expenditures and expenses for product related environmental activities were not material in any of the past three years and are not expected to be material in 2007.

The entire major home appliance industry, including Whirlpool, must contend with the adoption of stricter governmental energy and environmental standards. These standards will be phased in over the next several years and include the general phase-out of ozone depleting chemicals used in refrigeration, energy standards rulemakings for selected major appliances, regulatory restrictions on the materials content specified for use in our products by some jurisdictions, and mandated recycling of our products at the end of their useful lives. Compliance with these various standards, as they become effective, will require some product redesign. However, we believe, based on our understanding of the current state of proposed regulations, that we should be able to develop, manufacture, and market products that comply with these regulations.

Additionally, on February 13, 2003, the Waste Electrical and Electronic Equipment Directive (WEEE) became law in the European Union. Among other provisions, WEEE stipulates that producers be responsible for the cost of collection, disposal, and recycling of waste for many electrical and electronic products as of August 13, 2005. The directive required all European Union member states to introduce it into national law by no later than August 2004. In states that have adopted legislation, we have complied with all requirements. The net impact of compliance with this directive did not have a material effect on our results of operations for the year ended December 31, 2006.

State and federal environmental protection agencies have notified us of our possible involvement in a number of Superfund sites in the United States. However, based upon our evaluation of the facts and circumstances relating to these sites along with the evaluation of our technical consultants, we do not presently anticipate any material adverse effect upon our earnings, financial condition, or competitive position arising out of the resolution of these matters or the resolution of any other known governmental proceeding regarding environmental protection matters.

For information about the challenges and risks associated with our foreign operations, see Risks Relating to our Business under Item 1A below.

For certain other financial information concerning our business segments and foreign and domestic operations, see Notes 1 and 17 to the Consolidated Financial Statements contained in the Financial Supplement to this report.

For information on our global restructuring plans, see Note 13 to the Consolidated Financial Statements contained in the Financial Supplement to this report.

For information on product recalls, see Note 14 to the Consolidated Financial Statements contained in the Financial Supplement to this report.

Maytag Acquisition

On March 31, 2006, we completed our acquisition of Maytag. Maytag had consolidated net sales for the year ended December 31, 2005, of approximately $4.9 billion. With the acquisition, Whirlpool adds an array of home appliance brands including *Maytag*, *Jenn-Air, Admiral, Magic Chef,* and *Amana*. We are realizing cost savings from all areas across the value chain including product manufacturing and marketing, global procurement, logistics, infrastructure and support areas, product research and development, and asset utilization.

The aggregate purchase price for Maytag was approximately $1.9 billion, including approximately $848 million of cash and approximately 9.7 million shares of Whirlpool common stock. The purchase price also included the exchange of fully-vested Whirlpool options for fully-vested Maytag options to become exercisable, in aggregate, for an additional 1.8 million shares of Whirlpool common stock and the settlement of Maytag restricted stock and performance units for cash. The combined value of the above share-based consideration was approximately $920 million. The value of the approximately 9.7 million shares of Whirlpool common stock was determined using the average market price of the Whirlpool common shares for the two days prior to, through the two days after, March 29, 2006, the date the reference period for the exchange ratio was established. In addition, we assumed Maytag s existing debt of approximately $973 million. We incurred approximately $102 million in acquisition-related expenses, which are included in the purchase price above. Initially, we borrowed amounts required to fund the cash portion of the purchase price through issuances in the U.S. commercial paper market and, in June 2006, refinanced a portion of this commercial paper through the issuance of long-term bonds.

On May 23, 2006, we announced our intention to sell the Hoover floor-care, Dixie-Narco vending systems, Amana commercial microwave ovens, and Jade commercial and residential products businesses.

On September 6, 2006, we completed the sale of the Amana commercial microwave oven business to Aga Foodservice Inc. for approximately $49 million. As part of the sale, we retained certain liabilities, including liabilities associated with pension plans for both active and retired employees accrued to the date of the sale.

On October 23, 2006, we completed the sale of the Dixie-Narco vending systems business to Crane Co. for approximately $46 million. As part of the sale of Dixie-Narco, we retained certain liabilities, including environmental liabilities and liabilities associated with pension plans for both active and retired employees accrued to the date of the sale.

On December 6, 2006, we entered into a definitive agreement to sell the Hoover floor-care business to Techtronic Industries Co. Ltd. (TTI) for approximately $107 million. The sale closed on January 31, 2007. As part of the sale, we retained certain liabilities, including liabilities associated with pension plans for pension benefits for both active and retired employees accrued to the date of the sale and postretirement medical benefits for currently retired Hoover employees.

On February 17, 2007, we entered into a definitive agreement to sell the Jade commercial and residential products businesses to Middleby Corporation. The sale is expected to be completed in the second quarter of 2007.

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Executive Officers of the Registrant

The following table sets forth the names and ages of our executive officers on December 31, 2006, the positions and offices they held on that date, and the year they first became executive officers:

Name	Office	First Became an Executive Officer	Age
Jeff M. Fettig	Director, Chairman of the Board and Chief Executive Officer	1994	49
David L. Swift	Director and President, Whirlpool North America	2001	48
Michael A. Todman	Director and President, Whirlpool International	2001	49
Marc R. Bitzer	Executive Vice President and President, Whirlpool Europe	2006	41
Mark K. Hu	Executive Vice President and President, Whirlpool Asia	2005	53
Paulo F. M. Periquito	Executive Vice President and President, Whirlpool Latin America	1997	60
Roy W. Templin	Executive Vice President and Chief Financial Officer	2004	46
Michael D. Thieneman	Executive Vice President and Chief Technology Officer	1997	58
W. Timothy Yaggi	Executive Vice President, Market Operations, North America	2006	46

Each of the executive officers named above was elected to serve in the office indicated until the first meeting of the Board of Directors following the annual meeting of stockholders in 2007 and until his successor is chosen and qualified or until his earlier resignation or removal. Each of our executive officers has held the position set forth in the table above or has served Whirlpool in various executive or administrative capacities for at least the past five years, except for (a) Mr. Templin, who, prior to joining Whirlpool in July 2003, for the previous 12 years held various financial and executive positions with Kimball International, Inc. (office furniture), the most recent being Vice President, Finance and Chief Accounting Officer, and (b) Mr. Hu, who, prior to joining Whirlpool in January 2004, for the previous seven years held various executive or administrative positions with Philips Electronics N.V., the most recent being Senior Vice President and General Manager, Philips Lighting East Asia.

Available Information

Financial results and investor information (including Whirlpool s Form 10-K, 10-Q, and 8-K reports) are accessible at Whirlpool s website: www.whirlpoolcorp.com click on the Investors tab and then click on SEC Filings. Copies of Whirlpool s Form 10-K, 10-Q, and 8-K reports, as well as amendments to them, are available free of charge through Whirlpool s website on the same day they are filed with, or furnished to, the Securities and Exchange Commission.

ITEM 1A. ***Risk Factors.***

This report contains statements referring to Whirlpool that are not historical facts and are considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are intended to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, are based on current projections about operations, industry conditions, financial condition, liquidity, and the impact of the acquisition of Maytag. Words that identify forward-looking statements include words such as may, will, should, plan, predict, potential, anticipate, estimate, expect, project, intend, believe, may impact, on trac similar substance used in

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connection with any discussion of future operating or financial performance, a merger, or our businesses. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

Risks Relating to Our Business

We face intense competition in the home appliance industry and failure to successfully compete may negatively affect our business and financial performance. Each of our business segments operates in a highly competitive business environment and faces intense competition from a growing number of competitors, many of which have strong consumer brand equity. Several of these competitors, such as LG, Samsung, and Bosch Siemens, are large, well-established companies that rank among the Global Fortune 150 and have demonstrated a commitment to success in the global market. Competition in the global market is based on a number of factors including performance, innovation, product features, quality, cost, selling price, distribution, and financial incentives, such as cooperative advertising, co-marketing funds, sales person incentives, volume rebates, and terms. In the past, our competitors, especially global competitors with low-cost sources of supply outside the United States, have aggressively priced their products and/or introduced new products in order to increase market share. If we are unable to successfully compete in this highly competitive environment, our business and financial performance could be negatively affected.

The loss of or decline in sales to any of our key trade customers, which include Sears, Lowe s, Home Depot, and Best Buy, could adversely affect our financial performance. We sell to a sophisticated customer base of powerful trade customers that have significant leverage as buyers over their suppliers. Most of our products are sold through purchase orders and not through long-term contracts, which facilitates the trade customers ability to change volume among suppliers to obtain competitive terms. As the trade customers continue to consolidate and become larger, our trade customers may seek to use their position to improve their profitability by various means, including, improved efficiency, lower pricing, and increased promotional programs. If we are unable to respond and meet their requirements, our profitability or volume growth could be negatively affected. We have been a principal supplier of home appliances to Sears for many years. In 2006, approximately 14% of our consolidated net sales of $18 billion were attributable to sales to Sears. Although no other customers accounted for greater than 10% of consolidated net sales in 2006, other customers may account for more than 10% of our consolidated net sales in future periods. The loss of, or decline in volume of, sales to Sears, Lowe s, Home Depot, Best Buy or any other trade customers to which we sell a significant amount of products could adversely affect our financial performance. Additionally, if these trade customers lose market share this loss could negatively impact our financial performance.

Whirlpool may be unable to successfully integrate the business of Maytag in a timely manner which may affect our ability to realize the full anticipated benefits of the merger. The recent acquisition of Maytag involves the integration of two companies that have previously operated independently. As with every merger, there are potential difficulties of combining the companies businesses. These difficulties may include the integration of Maytag s sales and marketing, distribution, manufacturing, engineering, finance, and administrative operations, both domestic and international, with and into our operations. Our process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined businesses and the loss of key personnel. The diversion of management s attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies operations could have an adverse effect on our business, results of operations, financial condition, or prospects after the merger.

We expect to generate pre-tax annualized cost savings of between $350-400 million, the majority of which is expected to be realized in 2007 with the remainder expected to be realized in 2008. We expect cost efficiencies from all areas of the value chain, including product engineering, manufacturing and marketing, infrastructure and

support areas, global procurement, and logistics. We expect to incur approximately $410 million in pre-tax, one-time costs to realize the annualized savings estimates. Approximately $150 million of these costs are expected to impact earnings between 2006 through 2008, with the remainder included as part of purchase accounting. Achieving these benefits will depend upon how and when our business is integrated with Maytag and whether we incur any additional costs in connection with the integration. If the anticipated benefits are not realized fully, or not realized in a timely manner, or if there are significant additional costs, these occurrences could adversely affect our financial results.

Changes in economic conditions could adversely affect our business. A number of economic factors, including, but not limited to, gross domestic product, consumer interest rates, consumer confidence, retail trends, housing starts, sales of existing homes, and the level of mortgage refinancing, generally affect demand for our products. A decline in economic activity in the United States and any other markets in which we operate could adversely affect our financial condition and results of operation.

An inability to effectively execute and manage our business objectives could adversely affect our financial performance. The highly competitive nature of our industry requires that we effectively execute and manage our business including our global operating platform initiative. This initiative aims to reduce costs, drive productivity and quality improvements, and accelerate our rate of innovation. Our inability to effectively control costs and drive productivity improvements could affect our profits. In addition, our failure to provide high-quality, innovative products could adversely affect our ability to maintain or increase our sales. If we failed in this way, it could negatively affect our revenues and overall financial performance. Additionally, our success is dependent on anticipating changes in customer preferences and on successful new product and process development and product relaunches in response to such changes. Our future results and our ability to maintain or improve our competitive position will depend on our capacity to gauge the direction of our key markets and upon our ability to successfully and timely identify, develop, manufacture, market, and sell new or improved products in these changing markets.

Fluctuations and volatility in the cost of raw materials and purchased components could adversely affect our profits. The primary materials used to produce and manufacture our products are steel, oil, plastic resins, and base metals, such as aluminum, copper, and zinc. On a global and regional basis, the sources and prices of those materials and components are susceptible to significant price fluctuations due to supply/demand trends, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, the economic climate, and other unforeseen circumstances. Prices for materials are expected to increase by approximately $400 million in 2007, largely driven by increases in base metals, such as copper, aluminum, zinc and nickel, as well as component parts and steel. Continued significant increases in these and other costs in the future could materially affect our profits.

The ability of suppliers to deliver parts, components and manufacturing equipment to our manufacturing facilities, including our ability to manufacture without disruption, could affect our global business performance. We use a wide range of materials and components in the global production of our products and use numerous suppliers to provide materials and components. We generally do not have guaranteed supply arrangements with our suppliers and some key parts may be available only from a single supplier or a limited group of suppliers. Our operations and operations at suppliers facilities are subject to disruption for a variety of reasons, including, but not limited to, work stoppages, fire, earthquake, flooding, or other natural disasters. Such disruption could interrupt our ability to manufacture certain products. Any significant disruption could negatively impact our revenue and earnings performance.

Significant differences between actual results and estimates of the amount of future funding for our pension plans and postretirement health care benefit programs, and significant changes in funding assumptions or significant increases in funding obligations due to regulatory changes, could adversely affect our financial results. We have both funded and unfunded noncontributory defined benefit pension plans that cover substantially all of our North American employees and certain foreign employees. We also have unfunded postretirement health care benefit plans for eligible retired employees. The Employee Retirement Income Security Act of 1974 (ERISA) governs the funding obligations for our U.S. pension plans, which are our principal pension plans.

As of December 31, 2006, our projected benefit obligations under our pension plans and postretirement health care benefit programs exceeded the fair value of plan assets by an aggregate of approximately $2.19 billion ($850 million of which was attributable to pension plans and $1.34 billion of which was attributable to postretirement health care benefits). Estimates for the amount and timing of the future funding obligations of these pension plans and postretirement health care benefit plans are based on various assumptions. These assumptions include the discount rates, expected long-term rate of return on plan assets, and health care cost trend rates. These assumptions are subject to change based on interest rates on high quality bonds, stock and bond market returns, and health care cost trend rates. Significant differences in results or significant changes in assumptions may materially affect our postretirement obligations and related future expense.

Environmental and health and safety laws and regulations may adversely affect Whirlpool. We are subject to various laws and regulations relating to the protection of the environment and human health and safety. We incur and will continue to incur capital and other expenditures to comply with these regulations. Complying with recently passed and enacted regulations in Europe, such as the WEEE and ROHS (Restriction of Hazardous Substances) directives, may increase our costs and adversely affect our ability to sell certain products in Europe. These types of costs could negatively affect our financial performance. Additionally, we could be subjected to future liabilities, fines or penalties or the suspension of product production for failing to comply with environmental regulations. Cleanup obligations that might arise at any of our manufacturing sites or the imposition of more stringent environmental laws in the future could adversely affect us.

Product liability claims may adversely affect us. We face an inherent business risk of exposure to product liability claims in the event that the use of any of our products results in personal injury or property damage. In the event that any of our products proves to be defective, we may need to recall or redesign such products. There can be no guarantee that our insurance coverage against certain product liability claims will continue to be available on acceptable terms or that such coverage will be adequate for liabilities we incur. We also face certain class action litigation regarding allegedly defective products that insurance does not cover. A successful claim in excess of, or outside of, our available insurance coverage may have a material adverse effect on our financial performance. In addition, any claim or product recall that results in significant adverse publicity may negatively affect our business, financial condition, or results of operations.

A deterioration in labor relations could negatively impact our global business. As of December 31, 2006, we had approximately 73,000 employees. Of those employees, various labor unions with separate collective bargaining agreements represent approximately 60%. Our current collective bargaining agreements generally have three year terms. Due to the large number of collective bargaining agreements, we are periodically in negotiations with certain of the unions representing our employees. We cannot be assured that at some point we will not be subject to employee work stoppages and, if such events were to occur, that there would not be a material adverse effect on our business, financial condition, or results of operations. Further, we cannot be assured that we will be able to renew the various collective bargaining agreements on the same or similar terms, or at all, which could also affect our business, financial condition, or results of operation.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brands. We consider our intellectual property rights, including patents, trademarks, trade secrets, and licensing agreements, to be a significant and valuable aspect of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright, and trade secret laws, as well as licensing agreements and third party nondisclosure and assignment agreements. Our failure to obtain or adequately protect our trademarks, products, new features of our products, or our processes may diminish our competitiveness.

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We have applied for patent protection in the United States and other jurisdictions with respect to certain innovations and new products, product features, and processes. We cannot be assured that the U.S. Patent and Trademark Office or any other jurisdiction will approve any of our patent applications. Additionally, the patents we own could be challenged, invalidated, or others could design around our patents and the patents may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Further, the laws of certain foreign countries in which we do business or contemplate doing business in the future do not recognize intellectual property rights or protect them to the same extent as United States law. As a result, these factors could weaken our competitive advantage with respect to our products, services, and brands in foreign jurisdictions, which could adversely affect our financial performance.

Moreover, while we do not believe that any of our products infringe the valid intellectual property rights of third parties, we may be unaware of others intellectual property rights that may cover some of our technology, brands, products, or services. Any litigation regarding patents or other intellectual property could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. Claims of intellectual property infringement might also require us to enter into costly license agreements. We also may be subject to significant damages or injunctions against development and sale of certain products.

Future changes in financial accounting standards or practices or existing taxation rules or practices may cause adverse unexpected revenue fluctuations and affect our reported results of operations. A change in accounting standards or practices or a change in existing taxation rules or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and taxation rules and varying interpretations of accounting pronouncements and taxation practices have occurred and may occur in the future. In June 2006, the Financial Accounting Standards Board, or FASB, issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109, or FIN 48, which clarifies the accounting for uncertainty in income tax positions. This Interpretation requires that we recognize in our financial statements the impact of a tax position if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective on January 1, 2007, with the cumulative effect of the change in accounting principle, if any, recorded as an adjustment to opening retained earnings. Based on our evaluation, as of December 31, 2006, we do not believe that FIN 48 will have a material impact on our financial statements. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Foreign currency fluctuations may affect our financial performance. We generate a significant portion of our revenue and incur a significant portion of our expenses in currencies other than the U.S. dollar. Changes in the functional currencies of those operations affect the value of our revenue and earnings from our foreign operations. We use currency forwards and options to manage our foreign currency transaction exposures. We cannot completely eliminate our exposure to foreign currency fluctuations, which may adversely affect our financial performance. In addition, because our consolidated financial results are reported in dollars, if we generate sales or earnings in other currencies the translation of those results into dollars can result in a significant increase or decrease in the amount of those sales or earnings.

If we cannot manage the additional challenges of our international operations, our financial performance may suffer. For the year ended December 31, 2006, we derived approximately 34% of our net sales from outside of North America, including 19% in Europe, 13% in Latin America, and 2% in Asia. We expect that international sales will continue to account for a significant percentage of our net sales in the foreseeable future. Accordingly, we face numerous risks associated with conducting international operations, any of which could negatively affect our financial performance. These risks include the following:

- Changes in foreign country regulatory requirements;
- Various import/export restrictions and the availability of required import/export licenses;

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- Imposition of foreign tariffs and other trade barriers;
- Political, legal, and economic instability;
- Foreign currency exchange rate fluctuations;
- Inflation;
- Work stoppages and disruptions in the shipping of imported and exported products;
- Government price controls;
- Extended payment terms and the ability to collect accounts receivable; and
- The ability to repatriate cash.

Additionally, we are subject to the Foreign Corrupt Practices Act, which may place us at a competitive disadvantage to foreign companies that are not subject to similar regulations.

Terrorist attacks, armed conflicts, natural disasters, and epidemics could affect our domestic and international sales, disrupt our supply chain, and impair our ability to produce and deliver our products. Such events could directly impact our physical facilities or those of our suppliers or customers, both in the United States and elsewhere.

ITEM 1B. *Unresolved Staff Comments.*

None.

ITEM 2. *Properties.*

Our principal executive offices are located in Benton Harbor, Michigan. On December 31, 2006, our principal manufacturing operations were carried on at 50 locations worldwide, 32 of which are located in 11 countries outside the United States, primarily in the European region, and to a lesser extent in Asia, Latin America, and Mexico. Whirlpool occupied a total of approximately 78.7 million square feet devoted to manufacturing, service, administrative offices, warehouse, distribution, and sales space. Over 41.2 million square feet of such space is occupied under lease. In general, all facilities are well maintained, suitably equipped, and in good operating condition.

ITEM 3. ***Legal Proceedings.***

Information with respect to legal proceedings can be found under the heading *Contingencies* in Note 9 to the Consolidated Financial Statements contained in the Financial Supplement to this report.

ITEM 4. ***Submission of Matters to a Vote of Security Holders.***

There were no matters submitted to a vote of security holders in the fourth quarter of 2006.

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PART II

ITEM 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Whirlpool s common stock is traded on the New York Stock Exchange and the Chicago Stock Exchange. As of February 22, 2007, the number of holders of record of Whirlpool common stock was approximately 15,201.

High, low, and closing sales prices (as reported on the New York Stock Exchange composite tape) for Whirlpool s common stock for each quarter during the years 2006 and 2005 are set forth below:

Market Price	High	Low	Close
4Q2006	$ 90.68	$ 80.80	$ 83.02
3Q2006	$ 89.64	$ 74.07	$ 84.11
2Q2006	$ 94.12	$ 78.12	$ 82.65
1Q2006	$ 96.00	$ 79.75	$ 91.47
4Q 2005	$ 86.52	$ 67.89	$ 83.76
3Q 2005	$ 85.70	$ 69.01	$ 75.77
2Q 2005	$ 74.05	$ 60.78	$ 70.11
1Q 2005	$ 71.25	$ 61.53	$ 67.73

Cash dividends declared on Whirlpool common stock for each quarter during the years 2006 and 2005 are set forth in Note 18 to the Consolidated Financial Statements contained in the Financial Supplement to this report.

There were no repurchases of Whirlpool stock by Whirlpool or any affiliated purchaser in the fourth quarter of 2006.

ITEM 6. ***Selected Financial Data.***

The selected financial data for the five years ended December 31, 2006 with respect to the following line items are shown under the Eleven Year Consolidated Statistical Review contained in the Financial Supplement to this report: Total net sales, earnings from continuing operations, earnings from continuing operations per share of common stock, dividends declared per share of common stock, total assets, and long-term debt. See the material incorporated herein by reference in response to Item 7 of this report for a discussion of the effects on such data of business combinations and other acquisitions, disposition and restructuring activity, restructuring costs, accounting changes, earnings of foreign affiliates, and other significant activity impacting or affecting the comparability of reported amounts.

ITEM 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations.***

See Management s Discussion and Analysis contained in the Financial Supplement to this report.

ITEM 7A. ***Quantitative and Qualitative Disclosures about Market Risk.***

Information with respect to market risk can be found under the caption Market Risk in Management s Discussion and Analysis contained in the Financial Supplement to this report.

ITEM 8. ***Financial Statements and Supplementary Data.***

Whirlpool s Consolidated Financial Statements are contained in the Financial Supplement to this report. Supplementary financial information regarding quarterly results of operations (unaudited) for the years ended

December 31, 2006 and 2005 is set forth in Note 18 to the Consolidated Financial Statements. For a list of financial statements and schedules filed as part of this report, see the Table of Contents to the Financial Supplement to this report on page F-1.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*.**

None.

ITEM 9A. ***Controls and Procedures.***

Disclosure controls and procedures. Whirlpool maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) that are designed to provide reasonable assurance that information required to be disclosed in our filings under the Securities Exchange Act is recorded, processed, summarized, and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to Whirlpool s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Prior to filing this report, we completed an evaluation under the supervision and with the participation of Whirlpool management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2006. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2006.

Management s report on internal control over financial reporting. Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations adopted pursuant thereto, Whirlpool included a report of management s assessment of the effectiveness of its internal control over financial reporting as part of this report. Whirlpool s independent registered public accounting firm also attested to, and reported on, management s assessment of the effectiveness of internal control over financial reporting. Management s report and the independent registered public accounting firm s attestation report are included in Whirlpool s Consolidated Financial Statements contained in the Financial Supplement to this report under the captions entitled Management s Report on Internal Control Over Financial Reporting and Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting and are incorporated herein by reference.

Changes in internal control over financial reporting. On March 31, 2006, we completed our acquisition of Maytag, at which time Maytag became a subsidiary of Whirlpool. We are in the process of integrating Maytag operations and consider Maytag material to the Consolidated Condensed Financial Statements and believe that the internal controls and procedures have a material effect on our internal control over financial reporting. Whirlpool has extended its Section 404 compliance program under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations under such Act to include Maytag.

There were no other changes in our internal control over financial reporting that occurred during the fourth quarter of 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. ***Other Information.***

There was no information required to be disclosed in a report on Form 8-K during the fourth quarter of 2006 that was not previously reported.

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PART III

ITEM 10. *Directors, and Executive Officers and Corporate Governance.*

Information regarding our executive officers is included in Item 1 of Part I of this report.

Information regarding the background of the directors, matters related to the Audit Committee, and Section 16(a) compliance can be found under the captions Directors and Nominees for Election as Directors, Board of Directors and Corporate Governance Audit Committee, and Section 16(a) Beneficial Ownership Reporting Compliance in the Proxy Statement, which is incorporated herein by reference.

There have been no material changes to the procedures through which stockholders may recommend nominees to our Board of Directors since March 24, 2006, which is the date of our last proxy statement.

We have adopted a code of ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer (controller). The text of our code of ethics is posted on our website: www.whirlpoolcorp.com click on the Governance tab and then click on Code of Ethics. Whirlpool intends to disclose future amendments to, or waivers from, certain provisions of the code of ethics for executive officers and directors on the website within four business days following the date of such amendment or waiver. Stockholders may request a free copy of the code of ethics from:

Larry M. Venturelli

Investor Relations

Whirlpool Corporation

2000 North M-63

Mail Drop 2800

Benton Harbor, MI 49022-2692

Telephone: (269) 923-4678

Whirlpool has also adopted Corporate Governance Guidelines and written charters for its Audit, Finance, Human Resources and Corporate Governance and Nominating Committees, all of which are posted on our website: www.whirlpoolcorp.com click on the Governance tab, then click on Board of Directors and then click on Committee Charters. Stockholders may request a free copy of the charters and guidelines from the address or telephone number set forth above.

ITEM 11. ***Executive Compensation.***

Information with respect to compensation of our executive officers and directors can be found under the captions Nonemployee Director Compensation, Compensation Discussion and Analysis, Human Resources Committee Interlocks and Insider Participation, and Executive Compensation Tables in the Proxy Statement, which is incorporated herein by reference. See also the information under the caption Human Resources Committee Report in the Proxy Statement, which is incorporated herein by reference; however, such information is only furnished hereunder and not deemed soliciting material or filed with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Information with respect to the security ownership of any person that we know to beneficially own more than 5% of Whirlpool stock and by each Whirlpool director, each Whirlpool named executive officer, and all directors and executive officers as a group, can be found under the captions Security Ownership and Beneficial Ownership in the Proxy Statement, which is incorporated herein by reference.

Information relating to securities authorized under equity compensation plans can be found under the caption Equity Compensation Plan Information in the Proxy Statement, which is incorporated herein by reference.

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ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Information regarding certain relationships and related transactions can be found under the caption Related Person Transactions in the Proxy Statement, which is incorporated herein by reference.

ITEM 14. ***Principal Accounting Fees and Services.***

Information relating to our auditors and the Audit Committee s pre-approval policies can be found under the caption Matters Relating to Independent Registered Public Accounting Firm in the Proxy Statement, which is incorporated herein by reference. The Audit Committee Report is not incorporated herein by reference.

PART IV

ITEM 15. ***Exhibits, Financial Statement Schedules.***

(a) The following documents are filed as a part of this report:

1. The financial statements and related notes, and reports of management and the independent registered public accounting firm, listed in the Table of Contents to the Financial Supplement to this report. Individual financial statements of the registrant s affiliated foreign companies, accounted for by the equity method, have been omitted since no such company individually constitutes a significant subsidiary.

2. Schedule II Valuation and Qualifying Accounts contained in the Financial Supplement to this report. Certain schedules for which provisions are made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

3. The exhibits listed in the Exhibit Index attached to this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WHIRLPOOL CORPORATION

(Registrant)

By: /s/ ROY W. TEMPLIN February 28, 2007

Roy W. Templin

Executive Vice President

and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.