



Whirlpool Corporation Q3 2008 Review

October 28, 2008



Agenda

▶ Overview

- ▶ Jeff Fettig – Chairman and Chief Executive Officer

▶ North American Operations

- ▶ Mike Todman – President, North America

▶ International Operations

- ▶ Jeff Fettig – Chairman and Chief Executive Officer

▶ Financial Review and 2008 Outlook

- ▶ Roy Templin – EVP and Chief Financial Officer

Third Quarter Summary

- ▶ Sales increase 1% to \$4.9 billion
- ▶ Earnings from continuing operations decreased 7 percent to \$163 million compared to \$175 million in the previous year
- ▶ EPS of \$2.15 per share versus \$2.20 per share in the prior year

Overview

- ▶ Global economic environment increasingly negative
- ▶ Substantial industry demand reductions around the world...most significant in U.S. and Europe
- ▶ Raw material prices remain at elevated levels...spot prices in certain commodities declining
- ▶ Highly volatile foreign currency exchange rates

Whirlpool is taking strong actions to address the challenging macroeconomic environment

Business Priorities

- ▶ Reduce structural costs and production capacity to expected demand levels

- ▶ Cost-based price increases

- ▶ Continue to invest in innovative new products

- ▶ Enhance strong liquidity position
 - Suspend share repurchase program
 - Tightly manage working capital and capital expenditures

Structural Cost Reduction Actions

- ▶ Previously announced actions:
 - Closure of four manufacturing facilities
 - Eliminated European production shift

- ▶ Additional actions:
 - Closure of Jackson, Tennessee facility
 - Global workforce reduction in hourly, salary and contractor positions

- ▶ Actions will result in the reduction of approximately 5,000 positions globally

Adjusting cost structure and production capacity to industry demand

Structural Cost Reduction Actions Impact

- ▶ Full year 2008 restructuring charge of \$170 million
- ▶ Actions undertaken through 2009
- ▶ Result in annualized cost savings of approximately \$275 million

Undertaking necessary changes to adapt to the economic environment and continue to invest in the right areas to generate future value

Cost-Based Pricing Actions

- ▶ Implemented and announced increases in all major regions
- ▶ On average 4-10% globally
- ▶ North America
 - ▶ Effective January
- ▶ Europe
 - ▶ Implemented November through December
- ▶ Latin America
 - ▶ Implemented during September



North America

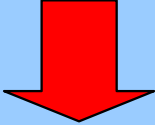
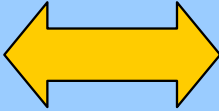
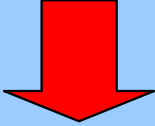
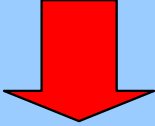


North America Q3 Results

| <i>(USD in millions)</i> | Third Quarter | | Better/(Worse) | |
|---------------------------|---------------|----------|----------------|-----------|
| | 2008 | 2007 | 2007 | % |
| Net Sales | \$ 2,741 | \$ 2,947 | \$ (206) | (7)% |
| Operating Profit | 74 | 132 | (58) | (44)% |
| Operating Margin % | 2.7% | 4.5% | | (1.8) pts |

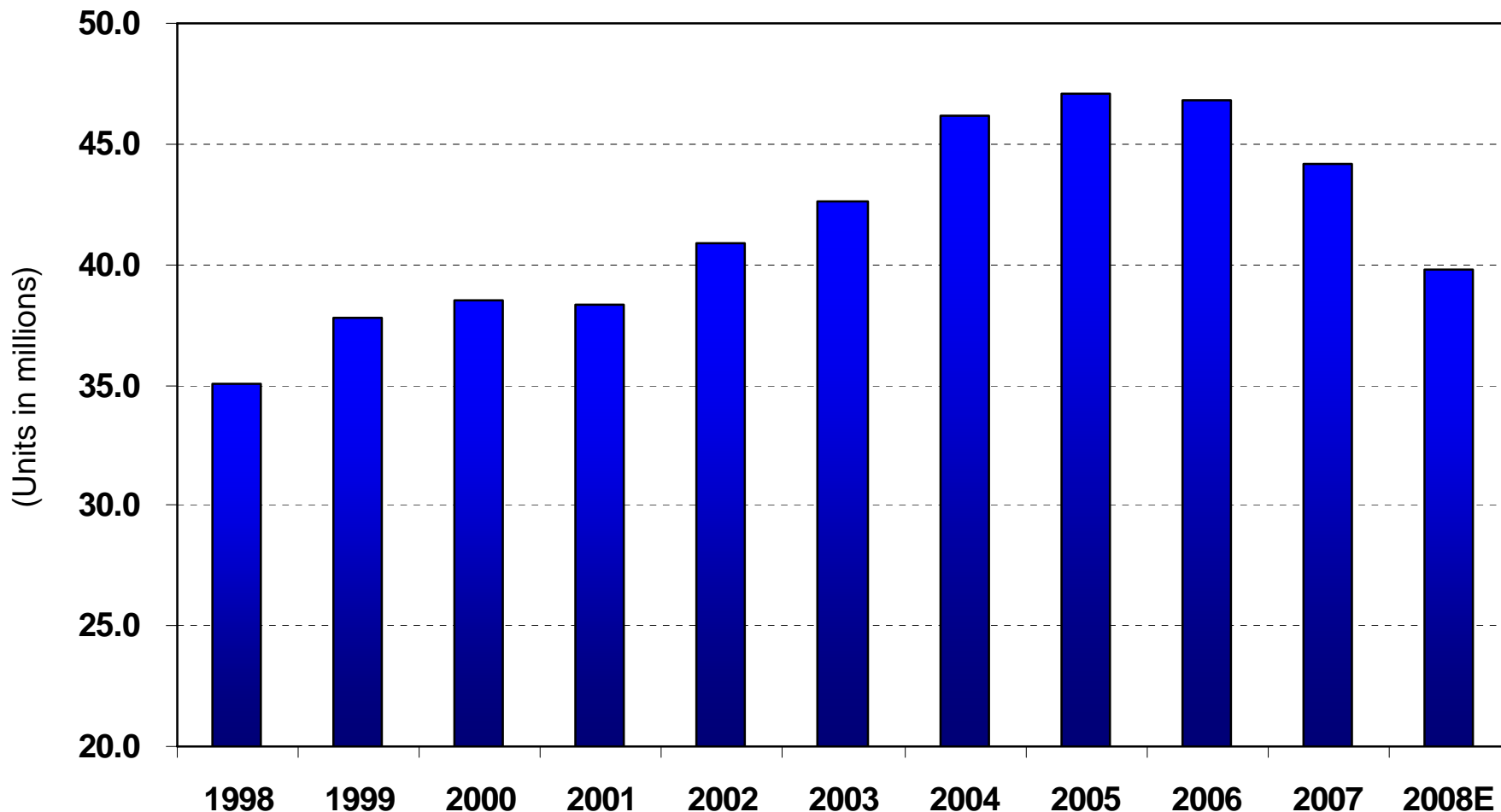
- ***U.S. demand down ~11% during 3Q***
- ***Material and oil-related costs unfavorable***
- ***Favorable price/mix impact***

2008 U.S. Industry Outlook (T7*)

| Demand Component | Outlook | Trend |
|-------------------------|-------------------------|--|
| New Home Completions | ~ (30)% |  |
| Existing Home Sales | ~ (13)% |  |
| Discretionary | Low Consumer Confidence |  |
| Replacement | Some Delayed Purchases |  |

Current outlook for U.S. demand decline accelerated in recent weeks...currently expect U.S. down (10)%

U.S. Industry Demand Trends (T7*)



U.S. Industry demand at lowest levels since 2001...industry has declined 7.3 million units since 2005

Q3 Product Launches



Whirlpool brand Resource Saver dishwashing system



BRAVOS™
LAUNDRY PAIR

Maytag Bravos with a CEE Tier III energy rating

Powered by
MCT
Maytag Commercial Technology



Eco-friendly SteamClean innovation on Whirlpool brand electric ranges



Maytag Performance Series washer and dryer pair

Powered by
MCT
Maytag Commercial Technology

2008 Outlook

- ▶ Industry demand forecast down 10%
- ▶ Implemented additional cost-based price increases to mitigate unfavorable cost and demand levels
- ▶ Further reducing production capacity and structural costs to lower expected demand levels and continued material cost inflation



International



Summary

- ▶ Third quarter demand weak in European region
- ▶ Latin America and Asia continued to see strong growth rates during the quarter
- ▶ Implemented global cost-based price initiatives
- ▶ Substantial foreign exchange fluctuations

Solid International results in volatile operating environment

Europe Q3 Results

| <i>(USD in millions)</i> | Third Quarter | | Better/(Worse) | |
|---------------------------|---------------|--------|----------------|-----------|
| | 2008 | 2007 | 2007 | % |
| Net Sales | \$ 1,087 | \$ 998 | \$ 89 | 9% |
| Operating Profit | 52 | 84 | (32) | (38)% |
| Operating Margin % | 4.8% | 8.4% | | (3.6) pts |

- ***Industry demand down 4%***
- ***Sales approximately equal to prior year excluding currency translation impact***
- ***2008 asset sale gain of \$9 million versus \$32 million in prior year***

Latin America Q3 Results

| <i>(USD in millions)</i> | Third Quarter | | Better/(Worse) | |
|---------------------------|---------------|--------|----------------|-----|
| | 2008 | 2007 | 2007 | % |
| Net Sales | \$ 989 | \$ 813 | \$ 176 | 22% |
| Operating Profit | 116 | 103 | 13 | 13% |
| Operating Margin % | 11.7% | 12.7% | (1.0) pts | |

- ***Sales increase 11% excluding currency translation impact***
- ***Prior year results include non-income based tax credit of \$12 million***
- ***Increased appliance unit shipments and favorable price/mix were mitigated by increased material and oil-related costs***

Asia Q3 Results

| <i>(USD in millions)</i> | Third Quarter | | Better/(Worse) | |
|--------------------------------|---------------|--------|----------------|-----|
| | 2008 | 2007 | 2007 | % |
| Net Sales | \$ 137 | \$ 123 | \$ 14 | 11% |
| Operating Profit/(Loss) | 0 | (5) | 5 | NM |
| Operating Margin % | 0.3% | (4.4)% | 4.7 pts | |

- ***Net sales increase ~16% excluding currency translation impact***
- ***Profitability improvement resulting from product price/mix initiatives and ongoing productivity gains***

Q3 International Product Launches



KitchenAid brand
Pro-Clean Integrated
Dishwasher



Whirlpool brand
Onyx refrigerator



Whirlpool brand VARI
washing machine



Bauknecht brand Combi
A++ refrigerator



Whirlpool brand large
capacity washing machine



Brastemp brand Split Active
air conditioner featuring
decorative stickers



Consul brand
stainless steel kitchen
suite



KitchenAid 9M oven



Whirlpool brand induction
cooktop

2008 Outlook

- ▶ European market experienced significant demand reduction in 3Q...expect market to remain very challenging in 4Q
- ▶ Latin America demand solid in 3Q...will remain positive at a slower rate
- ▶ Asia demand favorable in 3Q...expect will remain positive at a slower rate in 4Q
- ▶ Additional cost-based pricing and productivity actions taken in all international operations



Financial Overview



Third-Quarter Summary

Revenue performance

- + Latin America and Asia market demand
- + Foreign currency exchange
- U.S. and Europe market demand

Margin performance

- + Price/mix improvements globally
- + Cost productivity gains
- Material and oil-related costs
- U.S. and Europe market demand
- Lower asset sale gains vs. 2007 levels

Other items

- + Monetized \$43 million of BEFIEX credits

Financial Summary

| <i>(millions of USD)</i> | Third Quarter | | Better/(Worse) | |
|---------------------------|---------------|-------|----------------|-------|
| | 2008 | 2007 | 2007 | % |
| Net Sales | 4,902 | 4,840 | 62 | 1% |
| Cost of Goods Sold | 4,217 | 4,148 | (69) | (2)% |
| Gross Margin % | 14.0% | 14.3% | (0.3) pts | |
| SG&A | 477 | 414 | (63) | (15)% |
| Restructuring | 24 | 13 | (11) | (84)% |
| Operating Profit | 177 | 258 | (81) | (32)% |
| Operating Margin % | 3.6% | 5.3% | (1.7) pts | |

- ▶ Net Sales: Excluding foreign exchange sales decreased ~2%
- ▶ Gross Margin: Increased raw material/oil costs and lower production volumes partially offset by favorable price/mix and productivity
- ▶ SG&A: FX translation and increased brand investment

Financial Summary

| <i>(millions of USD)</i> | Third Quarter | | Better/(Worse) | |
|---|---------------|---------|----------------|-------|
| | 2008 | 2007 | 2007 | % |
| Operating Profit | 177 | 258 | (81) | (32)% |
| Interest Expense | (52) | (52) | 0 | 0% |
| Interest & Sundry Income/(Expense) | (3) | (17) | 14 | NM |
| Gain on Sale of Investment | 0 | 7 | (7) | NM |
| Earnings Before Income Taxes | 122 | 196 | (74) | (38)% |
| Income Taxes | (46) | 8 | 54 | NM |
| Effective Tax Rate | (37.8)% | 4.2% | | |
| Equity Earnings/(Loss) | - | (6) | 6 | NM |
| Minority Interest | (5) | (7) | 2 | 23% |
| Earnings from Continuing Operations | 163 | 175 | (12) | (7)% |
| EPS - Diluted | \$ 2.15 | \$ 2.20 | \$ (0.05) | (2)% |

- ▶ Lower interest and sundry expenses primarily related to increased interest income
- ▶ Income tax benefit compared to prior year expense

Working Capital

| | <u>9/30/08</u> | <u>9/30/07</u> | <u>6/30/08</u> |
|----------------------------|----------------|----------------|----------------|
| Accounts Receivable | 2,603 | 2,755 | 2,628 |
| Inventory | 3,053 | 2,934 | 2,996 |
| Accounts Payable | 3,282 | 3,217 | 3,399 |
| Working Capital | 2,374 | 2,472 | 2,225 |
| % of Sales | 12.2% | 13.2% | 11.5% |

Cash Flow

**Nine Months Ended
September 30**

(millions of USD)

| | 2008 | 2007 |
|---|-------------|-------------|
| Earnings from Continuing Operations | 374 | 460 |
| Depreciation & Amortization | 467 | 435 |
| Working Capital | (458) | (391) |
| Other | (389) | (376) |
| Cash Provided By Continuing Operating Activities | (6) | 128 |
| Capital Expenditures | (378) | (310) |
| Proceeds from Sale of Assets/Businesses (non-Maytag) | 35 | 99 |
| Free Cash Flow | (349) | (83) |

Liquidity Update

- ▶ \$2.2 billion revolving credit facility undrawn
- ▶ Approximately \$0.2 billion of \$2.2 billion long-term debt outstanding maturing in 2009
- ▶ Suspending share repurchase program
- ▶ Tightly managing capital spending plans

| <i>(millions of USD)</i> | <u>9/30/2008</u> |
|--------------------------------|------------------|
| Revolving Credit Facility | \$ 2,200 |
| + Cash and Equivalents | 425 |
| - Commercial Paper Outstanding | (710) |
| Net Available Liquidity | \$ 1,915 |

Maintain strong liquidity position in volatile environment

2008 Guidance

| | <u>Current</u> | <u>Previous</u> |
|-------------------------------|---------------------------|------------------------------|
| Earnings per Share | \$5.75 - \$6.00 | \$7.00 - \$7.50 |
| Restructuring Expenses | ~ \$170 million | ~ \$100 million |
| Free Cash Flow | \$0 - \$50 million | \$500 - \$550 million |

Closing Remarks

Closing Remarks

- ▶ Very **rapidly** changing and volatile times
- ▶ Demand, costs, prices and currencies are all changing by **large** magnitudes
- ▶ Focus on **executing** the basics of our business very well
 - **Aggressive** cost reduction and production capacity reductions
 - Realize cost-based **price increases**
 - Drive consumer demand through **innovation and value**
 - **Preserve and improve** strong liquidity position

Whirlpool continues to aggressively manage the key operating levers in its business



Appendix

Cash Flow Reconciliation

The table below reconciles actual 2007 & 2008 and projected 2008 cash provided by continuing operations determined in accordance with generally accepted accounting principles (GAAP) in the United States to free cash flow, a non-GAAP measure. Management believes that free cash flow provides shareholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures whose calculations may differ from the company's calculations. As defined by the company, free cash flow is cash provided by continuing operations after capital expenditures and proceeds from the sale of assets/businesses. Free cash flow does not include proceeds from the sale of Maytag businesses. The projections shown here are based upon many estimates and are inherently subject to change based on future decisions made by management and the board of directors of the company, and significant economic, competitive and other uncertainties and contingencies.

| | Nine Months Ended | | 2008 | |
|--|-------------------|---------|----------|--------|
| | September 30 | | Outlook | |
| (millions of dollars) | 2008 | 2007 | | |
| Cash provided/(used) by continuing operations | \$ (6) | \$ 128 | \$ 500 - | \$ 525 |
| Capital expenditures | (378) | (310) | (535) - | (550) |
| Proceeds from sale of assets/non-Maytag businesses | 35 | 99 | 35 - | 75 |
| Free cash flow | \$ (349) | \$ (83) | \$ - - | \$ 50 |

About Whirlpool Corporation

Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances, with annual sales of approximately \$19 billion, 73,000 employees, and 72 manufacturing and technology research centers around the world. The company markets *Whirlpool*, *Maytag*, *KitchenAid*, *Jenn-Air*, *Amana*, *Brastemp*, *Consul*, *Bauknecht* and other major brand names to consumers in nearly every country around the world. Additional information about the company can be found at <http://www.whirlpoolcorp.com>.

* T7 refers to the following household appliance categories: washers, dryers, refrigerators, freezers, dishwashers, ranges and compactors

Whirlpool Additional Information:

This document contains forward-looking statements that speak only as of this date. Whirlpool disclaims any obligation to update these statements. Forward-looking statements in this document include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and material and oil-related prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool Corporation's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers; (2) Whirlpool's ability to continue its relationship with significant trade customers, including Sears Holding Corporation in North America (accounting for approximately 12% of Whirlpool's 2007 consolidated net sales of \$19.4 billion), and the ability of these trade customers to maintain or increase market share; (3) changes in economic conditions, including the strength of the U.S. building industry and the level of interest rates; (4) the ability of Whirlpool to achieve its business plans, productivity improvements, cost control, leveraging of its global operating platform, and acceleration of the rate of innovation; (5) fluctuations in the cost of key materials (including steel, oil, plastic, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (6) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (7) our ability to attract, develop and retain executives and other qualified employees; (8) health care cost trends and regulatory changes that could increase future funding obligations for pension and post retirement benefit plans; (9) the cost of compliance with environmental and health and safety regulations; (10) litigation including product liability and product defect claims; (11) the impact of labor relations; (12) Whirlpool's ability to obtain and protect intellectual property rights; (13) the ability of Whirlpool to manage foreign currency fluctuations; and (14) global, political and/or economic uncertainty and disruptions, especially in Whirlpool's significant geographic regions, including uncertainty and disruptions arising from natural disasters or terrorist attacks. Additional information concerning these and other factors can be found in Whirlpool Corporation's filings with the Securities and Exchange Commission, including the most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K.