WHIRLPOOL CORP /DE/
Form DEF 14A
March 11, 2004
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14 (a) of the Securities

Exchange Act of 1934 (Amendment No.   )

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6 (E) (2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

WHIRLPOOL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person (s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box) :

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6 (i) (4) and 0-11.

(1) Title of each class of securities to which transactions applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transactions computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined) :

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101

SEC 1913 (3 99)

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WHIRLPOOL CORPORATION

Administrative Center

2000 N. M-63

Benton Harbor, Michigan 49022-2692

To Our Stockholders:

It is my pleasure to invite you to attend the 2004 Whirlpool Corporation annual meeting of stockholders to be held on Tuesday, April 20, 2004, at 1:30 p.m., Chicago time, at The Madison Room, 181 W. Madison Street, 7th Floor, Chicago, Illinois.

The formal notice of the meeting follows on the next page. At the meeting, stockholders will vote on the re-election of four directors and renewal of the Company s Performance Excellence Plan, and will transact any other business that may properly come before the meeting. In addition, we will discuss Whirlpool s 2003 performance and the outlook for this year, and answer your questions.

A financial supplement containing important financial information about Whirlpool is contained in Part II of this booklet. We have also mailed with this booklet a summary annual report that includes summary financial and other important information.

Your vote is important. We urge you to please complete and return the enclosed proxy whether or not you plan to attend the meeting. Promptly returning your proxy will be appreciated, as it will save further mailing expense. You may revoke your proxy at any time prior to the proxy being voted by following the procedures described in Part I of this booklet.

Your vote is important and much appreciated!

DAVID R. WHITWAM

Chairman of the Board

and Chief Executive Officer

March 11, 2004

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NOTICE OF 2004 ANNUAL MEETING OF STOCKHOLDERS

The 2004 annual meeting of stockholders of **WHIRLPOOL CORPORATION** will be held at The Madison Room, 181 W. Madison Street, 7th Floor, Chicago, Illinois on Tuesday, April 20, 2004, at 1:30 p.m., Chicago time, for the following purposes:

1. to re-elect four persons to the Company s Board of Directors;

2. to approve the renewal of Whirlpool s Performance Excellence Plan; and

3. to transact such other business as may properly come before the meeting.

A list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for at least ten days prior to the meeting at EquiServe, One North State Street, 11th Floor, Chicago, Illinois 60602.

By Order of the Board of Directors

ROBERT T. KENAGY

Associate General Counsel and

Corporate Secretary

March 11, 2004

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PROXY STATEMENT

INFORMATION ABOUT WHIRLPOOL CORPORATION

Whirlpool is the world s leading manufacturer and marketer of major home appliances. We manufacture in 13 countries and market products in more than 170 countries under major brand names such as *Whirlpool, KitchenAid*, *Roper*, *Estate*, *Bauknecht, Ignis*, *Brastemp*, *Consul*, and *Acros*. We are also the principal supplier to Sears, Roebuck and Co. of many major appliances marketed under the *Kenmore* brand name. We have approximately 68,000 employees worldwide. Our headquarters are located in Benton Harbor, Michigan, and our address is 2000 N. M-63, Benton Harbor, Michigan 49022-2692. Our telephone number is (269) 923-5000.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Our 2004 annual meeting of stockholders will be held on Tuesday, April 20, 2004, at 1:30 p.m., Chicago time, at The Madison Room, 181 W. Madison Street, 7th Floor, Chicago, Illinois. You are welcome to attend. If you attend, please note that you may be asked to present valid picture identification. Please also note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of your voting instruction card or brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

Information about this Proxy Statement

We are sending the proxy materials because Whirlpool s Board of Directors is seeking your permission (or proxy) to vote your shares at the annual meeting on your behalf. This proxy statement presents information we are required to provide to you under the rules of the Securities and Exchange Commission. It is intended to help you in reaching a decision on voting your shares of stock. Only stockholders of record at the close of business on February 27, 2004 are entitled to vote at the meeting. There were 68,806,248 outstanding shares of common stock as of the close of business on February 27, 2004. We have no other voting securities. Stockholders are entitled to one vote per share on each matter. This proxy statement and the accompanying proxy form are first being mailed to stockholders on or about March 11, 2004.

Information about Voting

If the shares of our common stock are held in your name, you can vote your shares on matters presented at the annual meeting in two ways.

1. By Proxy If you sign and return the accompanying proxy form, your shares will be voted as you direct on the proxy form. If you do not give any direction on the proxy card, the shares will be voted FOR the nominees named for director, and FOR approval of a proposal to renew the Performance Excellence Plan. You may revoke your proxy at any time before it is exercised by providing a

written revocation to Whirlpool s Corporate Secretary, Robert T. Kenagy, by providing a proxy with a later date, or by voting in person at the meeting.

2. In Person You may come to the annual meeting and cast your vote there.

Stockholders whose shares of common stock are held in street name must either direct the record holder of their shares as to how to vote their shares of common stock or obtain a proxy from the record holder to vote at the meeting. Street name stockholders should check the voting instruction cards used by their brokers or nominees for specific instructions on methods of voting, including by telephone or using the Internet. If your shares are held in street name, you must contact your broker or nominee to revoke your proxy.

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Whirlpool s Board of Directors has adopted a policy requiring all stockholder votes to be kept permanently confidential and not disclosed except (i) when disclosure is required by law, (ii) when a stockholder expressly consents to disclosure, or (iii) when there is a contested election and the proponent filing the opposition statement does not agree to abide by this policy.

Stockholders representing at least 50% of the common stock issued and outstanding must be present at the annual meeting, either in person or by proxy, for there to be a quorum at the annual meeting. Abstentions and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

The four directors to be re-elected at the annual meeting will be elected by a plurality of the votes cast by the stockholders present in person or by proxy and entitled to vote. This means that the four nominees with the most votes will be elected. Votes may be cast for or withheld from each nominee, but a withheld vote or a broker non-vote will have no effect on the outcome of the election. For a stockholder to nominate an individual for director at the 2005 annual meeting, the stockholder must follow the procedures outlined below under the caption Stockholder Proposals and Director Nominations for 2005 Meeting. Stockholders may also nominate a director to be considered by the Board for recommendation to the stockholders in the Company s proxy statement for the 2005 annual meeting by following the procedures outlined below under the caption Director Nominations to be Considered by the Board.

The affirmative vote of a majority of the outstanding common stock present in person or represented by proxy at the annual meeting and entitled to vote will be required to approve the proposal to renew the Performance Excellence Plan to extend the term of the plan to December 31, 2008. Abstentions will be treated as being present and entitled to vote on the matter and, therefore, will have the effect of votes against the proposal. A broker non-vote is treated as not being entitled to vote on the matter and, therefore, is not counted for purposes of determining whether the proposal has been approved.

If any nominee named herein for election as a director is not available to serve, the accompanying proxy may be voted for a substitute person. Whirlpool expects all nominees to be available and knows of no matter to be brought before the annual meeting other than those covered in this proxy statement. If, however, any other matter properly comes before the annual meeting, we intend that the accompanying proxy will be voted thereon in accordance with the judgment of the persons voting such proxy.

DIRECTORS AND NOMINEES FOR RE-ELECTION AS DIRECTORS

We currently have 11 directors on the Board. The directors are divided into three classes, with each class serving for a three-year period. The stockholders elect approximately one-third of the Board of Directors each year. The Board recommends a vote *FOR* the re-election of each of the directors nominated below.

Nominees for a Term to Expire in 2007

ALLAN D. GILMOUR, 69, Vice Chairman of Ford Motor Company (cars and trucks, related parts and accessories and financial services). Director of the Company since 1990 and director of DTE Energy Company.

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MICHAEL F. JOHNSTON, 56, President and Chief Operating Officer of Visteon Corporation (automotive systems). Director of the Company since 2003 and director of Flowserve Corporation and Visteon Corporation. Mr. Johnston was recommended to the Corporate Governance and Nominating Committee by a third-party search firm. After reviewing his qualifications, skills, and experience against the established criteria for nominees, the Committee recommended and the Board subsequently appointed Mr. Johnston to the Whirlpool Board in October 2003.

JANICE D. STONEY, 63, former Executive Vice President, US WEST Communications Group, Inc. (telecommunications products and services; retired 1992). Director of the Company since 1987 (except for part of 1994 during a bid for political office) and director of Bridges Investment Fund and Williams Companies Inc.

DAVID R. WHITWAM, 62, Chairman of the Board and Chief Executive Officer of the Company. Director of the Company since 1985 and director of Convergys Corporation and PPG Industries, Inc.

Directors Whose Terms Expire in 2005

JEFF M. FETTIG, 47, President and Chief Operating Officer of the Company. Director of the Company since 1999 and director of The Dow Chemical Company.

JAMES M. KILTS, 56, Chairman of the Board and Chief Executive Officer of The Gillette Company (consumer products). Director of the Company since 1999 and director of Delta Air Lines, Inc. and The May Department Stores Company.

MILES L. MARSH, 56, former Chairman of the Board and Chief Executive Officer of Fort James Corporation (consumer paper products). Director of the Company since 1990 and director of GATX Corporation and Morgan Stanley.

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PAUL G. STERN, 65, Partner, Thayer Capital Partners, L.L.P. and Arlington Capital Partners, L.L.P. (private investment companies). Director of the Company since 1990 and director of The Dow Chemical Company.

Directors Whose Terms Expire in 2006

GARY T. DICAMILLO, 53, President and Chief Executive Officer of TAC Worldwide Companies (professional staffing services). Director of the Company since 1997 and director of 3Com Corporation, Pella Corporation, and The Sheridan Group.

KATHLEEN J. HEMPEL, 53, former Vice Chairman and Chief Financial Officer of Fort Howard Corporation (paper products; retired 1997). Director of the Company since 1994 and director of Actuant Corporation, Kennametal Inc., Oshkosh Truck Corporation, and A.O. Smith Corporation.

ARNOLD G. LANGBO, 66, former Chairman of the Board and Chief Executive Officer of Kellogg Company (cereal and other products; retired 2000). Director of the Company since 1994 and director of the International Youth Foundation, Johnson & Johnson, and Weyerhaeuser Company.

The directors have served their respective companies indicated above in various executive or administrative positions for at least the past five years, except for Messrs. DiCamillo, Gilmour, Johnston, and Kilts. From 1995 to 2002, Mr. DiCamillo was Chairman of the Board and Chief Executive Officer of Polaroid Corporation (imaging products). Mr. Gilmour returned to Ford Motor Company in 2002 after retiring from Ford in 1995. From 1989 to 2000, Mr. Johnston served in various capacities at Johnson Controls, Inc. (automotive systems and building controls), including President E-Business. Mr. Kilts was Chief Executive Officer and President of Nabisco Holdings Corp. (food products) from 1998 to 2000. In addition, Mr. Marsh served as Chairman of the Board and Chief Executive Officer of Fort James Corporation from 1997 to 2000 at which time he left the company.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Number of Meetings. The Board held seven meetings during 2003. During 2003, each director attended at least 75% of the total number of meetings of the Board and the Board committees on which he or she served.

Attendance at Annual Meetings. All directors properly nominated for election are expected to attend the annual meeting of stockholders. At the 2003 annual meeting of stockholders, all of the directors nominated for election (Messrs. DiCamillo and Langbo and Ms. Hempel) attended the annual meeting.

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In addition, Messrs. Whitwam and Fettig, both of whom are directors and executive officers of Whirlpool, attended the 2003 annual meeting of stockholders.

Director Independence. The Corporate Governance and Nominating Committee conducts an annual review of the independence of the members of the Board and its committees and reports its findings to the full Board. Nine of the Company s eleven directors are non-employee directors. Although the Board has not adopted categorical standards of materiality for independence purposes (other than those set forth in the New York Stock Exchange listing standards), information provided by the directors and the Company did not indicate any material relationships (e.g., commercial, industrial, banking, consulting, legal, accounting, charitable, or familial) which would impair the independence of any of the non-employee directors. Based on the report and recommendation of the Corporate Governance and Nominating Committee, the Board has determined that each of its non-employee directors satisfies the independence standards set forth in the new listing standards of the New York Stock Exchange.

Executive Sessions of Non-Employee Directors and Communications Between Stockholders and the Board. The Board holds executive sessions of its non-employee directors generally at each regularly scheduled meeting. The Presiding Director serves as the chairperson for these executive sessions.

The Presiding Director is an independent director elected by the independent directors on the Board. In addition to presiding at executive sessions of non-employee directors, the Presiding Director has the responsibility to: coordinate with the Chairman and CEO in establishing the annual agenda and topic items for Board meetings; retain independent advisors on behalf of the Board as the Board may determine is necessary or appropriate; assist the Human Resources Committee with the annual evaluation of the Chairman and CEO s performance, and in conjunction with the Chair of the Human Resources Committee, meet with the Chairman and CEO to discuss the results of such evaluation; and perform such other functions as the independent directors may designate from time to time. Mr. Gilmour currently is serving as the Presiding Director.

Interested parties, including stockholders, may communicate directly with the Presiding Director, Chairman of the Audit Committee, or the non-employee directors as a group by writing to those individuals or the group at the following address: Whirlpool Corp., 27 North Wacker Drive, Suite 615, Chicago, Illinois 60606-2800. This address is administered by an independent maildrop business that forwards the mail directly to the addressees. If correspondence is received by the Corporate Secretary, it will be forwarded to the appropriate person or persons in accordance with the procedures adopted by a majority of the independent directors of the Board. When reporting a concern, please supply sufficient information so that the matter may be addressed properly. Although you are encouraged to identify yourself to assist Whirlpool in effectively addressing your concern, you may choose to remain anonymous, and Whirlpool will use its reasonable efforts to protect your identity to the extent appropriate or permitted by law.

Corporate Governance Guidelines for Operation of the Board of Directors. The Company is committed to the highest standards of corporate governance. On the recommendation of the Corporate Governance and Nominating Committee, the Board adopted a set of Corporate Governance Guidelines for Operation of the Board of Directors, which, among other things, sets forth the qualifications and other criteria for director nominees. The desired personal and experience qualifications for director nominees is described in more detail below under the caption Director Nominations to be Considered by the Board. The current guidelines and the written charters for each committee described below appear on our website at www.whirlpoolcorp.com; click on the Governance tab, and then Board of Directors.

Audit Committee. The Audit Committee (Mr. Gilmour (Chair), Mr. DiCamillo, Mr. Kilts, Mr. Langbo, and Ms. Stoney) provides independent and objective oversight of the Company s accounting functions

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and internal controls and monitors the objectivity of the Company s financial statements. The Committee assists Board oversight of (1) the integrity of the Company s financial statements, (2) the Company s compliance with legal and regulatory requirements, (3) the independent auditor s qualifications and independence, and (4) the performance of the Company s internal audit function and independent auditors. In performing these functions, the Committee has the responsibility to review and discuss the annual audited financial statements and quarterly financial statements and related reports with management and independent auditors, including the Company s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations, to monitor the adequacy of financial disclosure; to retain and terminate the Company s independent auditors and exercise the Committee s sole authority to review and approve all audit engagement fees and terms and approve in advance the nature, extent, and cost of all non-audit services provided by independent auditors; and to review annual reports from the independent auditors regarding their internal quality control procedures. The Committee s charter, which was amended by the Board on December 16, 2003, appears as Exhibit B to this proxy statement.

Under its charter, the Committee can be comprised of three to five independent directors who meet the new enhanced independence standards for audit committee members set forth in the New York Stock Exchange listing standards (which incorporates the standards set forth in the rules of the Securities and Exchange Commission). The Board has determined that each member of this Committee satisfies the financial literacy qualifications of the New York Stock Exchange listing standards and that Mr. Gilmore satisfies the audit committee financial expert criteria established by the Securities and Exchange Commission and has accounting and financial management expertise as required under the NYSE listing rules. The Audit Committee held seven meetings in 2003.

Human Resources Committee. The Human Resources Committee (Mr. Kilts (Chair), Mr. Langbo, Mr. Marsh, Dr. Stern, and Ms. Stoney) assures the adequacy of the compensation and benefits of the officers and top management of the Company and compliance with any executive compensation disclosure requirements. In performing these functions the Committee has sole authority and responsibility to retain and terminate any consulting firm assisting in the evaluation of director, CEO, or senior executive compensation. Under its charter, the Committee can be comprised of three to five independent directors. This Committee held three meetings in 2003.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee (Mr. DiCamillo (Chair), Ms. Hempel, Mr. Johnston, and Mr. Marsh) provides oversight on the broad range of issues surrounding the composition and operation of the Board of Directors, including identifying individuals qualified to become Board members, recommending to the Board director nominees for the next annual meeting of shareholders, and recommending to the Board a set of corporate governance principles applicable to the Company. The Committee also provides assistance to the Board and the Chairman in the areas of Committee selection and rotation practices, evaluation of the overall effectiveness of the Board and management, and review and consideration of developments in corporate governance practices. The Committee retains the sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm s fees and other retention terms. The Committee has retained a third party search firm to assist it in identifying potential director nominees who meet the criteria and priorities established from time to time and facilitate the screening and nomination process for such nominees. On an annual basis, the Committee solicits input from the full Board of Directors and conducts a review of the effectiveness of the operation of the Board and Board Committees, including reviewing governance and operating practices and the Corporate Governance Guidelines for Operation of the Board of Directors. Under its charter, the Committee can be comprised of three to five independent directors. This Committee held six meetings in 2003.

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Code of Ethics. All of the Company s directors and employees, including its Chief Executive Officer, Chief Financial Officer, and other senior financial officers, are required to abide by the Company s long-standing Code of Ethics, recently augmented to comply with the new requirements of the New York Stock Exchange and Securities and Exchange Commission, to insure that the Company s business is conducted in a consistently legal and ethical manner. The Code of Ethics covers all areas of professional conduct, including employment policies, conflicts of interest, fair dealing, and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of the Company s business. The full text of the Code of Ethics is published on our website at www.whirlpoolcorp.com; click on the Governance tab, and then Code of Ethics. The Company intends to disclose future amendments to, or waivers from, certain provisions of the Code of Ethics for executive officers and directors on the Company s website within five business days following the date of such amendment or waiver.

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COMPENSATION OF DIRECTORS

In 2003, directors who were not employees of Whirlpool were paid an annual retainer of $45,000 ($47,500 if a committee chair). A nonemployee director may elect to defer any portion of director compensation until he or she ceases to be a director, at which time payment is made in a lump sum or in monthly or quarterly installments. Interest on deferred amounts accrues quarterly at a rate equal to the prime rate in effect from time to time. Each director may elect to relinquish all or a portion of the annual fee, in which case Whirlpool may at its sole discretion then make an award of up to $1 million to a charitable organization upon the director s death. Under the program, the election to relinquish compensation is irrevocable, and Whirlpool may choose to make contributions in the director s name to as many as three charities. Each director may also elect to have a portion of the annual fee used to purchase term life insurance in excess of that described in the next paragraph.

Whirlpool provides each nonemployee director who elects to participate with term life insurance while a director in an amount equal to one-tenth of the annual director s fee times such director s months of service (not to exceed 120) and a related income tax reimbursement payment. We also provide each nonemployee director with travel accident insurance of $1 million with the premiums paid by us, and directors are reimbursed for the related income tax. For evaluation purposes, appliances sold by us are made available to each nonemployee director for use at home, and the director receives an income tax reimbursement payment to compensate for any additional tax obligation. The cost to Whirlpool of this arrangement in 2003 (based on distributor price of products and delivery, installation, and service charges) did not exceed $13,000 for any one nonemployee director or $40,000 for all nonemployee directors as a group.

Whirlpool also has a Nonemployee Director Stock Ownership Plan. This plan provides, effective on the date of each annual stockholders meeting, for an automatic grant to each nonemployee director of 400 shares of common stock and an option to purchase 600 shares of common stock if our earnings from continuing operations for the immediately preceding year increased by at least 10% over such earnings for the prior year. The exercise price under each option is the average fair market value (as defined) of the common stock for the third through fifth trading days after the public release of our earnings for such prior year. These options may be exercised for 20 years after issuance (except that they must be exercised within five years after ceasing to be a director and within one year after the death of the director). The exercise price may be paid in cash or common stock. In addition, each nonemployee director is awarded annually 400 shares of phantom common stock, payable on a deferred basis. The shares of phantom common stock earn phantom dividends and the total accumulated phantom stock awards and phantom dividends are converted into Whirlpool s common stock on a one-for-one basis and paid out to the nonemployee director following completion of service on the Board.

Lastly, Whirlpool also has a Nonemployee Director Treasury Stock Ownership Plan. This plan provides, effective on the date of each annual stockholders meeting, for an automatic grant to each nonemployee director of 200 shares of common stock, payable in treasury shares only. No shares of common stock awarded under this plan may be sold within the first six months after they are awarded unless the death of the director occurs during such period.

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SECURITY OWNERSHIP

The following table presents the ownership of the only persons known by us as of February 23, 2004 to beneficially own more than 5% of our common stock based upon statements on Schedule 13G filed by such persons with the Securities and Exchange Commission.

Date of 13G Report	Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
2/17/2004	Barclays Global Investors, NA(1) 45 Fremont Street, 17th Floor San Francisco, CA 94105	10,515,125	15.33%
2/10/2004	AXA Financial Inc.(2) 1290 Avenue of the Americas New York, NY 10104	8,013,201	11.68%
2/13/2004	Dodge & Cox(3) One Sansome Street, 35th Floor San Francisco, CA 94104	7,445,660	10.85%
2/13/2004	Marsh & McLennan Companies, Inc.(4) 1166 Avenue of the Americas New York, NY 10036	6,242,784	9.10%

(1) Based solely on a Schedule 13G filed with the Securities and Exchange Commission by Barclays Global Investors, NA and the other entities listed below. Barclays Global Investors, NA is the beneficial owner of 8,626,278 shares with sole voting and dispositive power with respect to 7,564,989 shares. Barclays Global Fund Advisors is the beneficial owner of 301,502 shares with sole voting and dispositive power with respect to 299,754 shares. Barclays Global Investors, Ltd. is the beneficial owner of 1,498,296 shares with sole voting power with respect to 1,493,696 shares and sole dispositive power with respect to 1,498,296 shares. Barclays Global Investors Japan Trust and Banking Company Limited is the beneficial owner with sole voting and dispositive power with respect to 55,537 shares. Barclays Life Assurance Company Limited is the beneficial owner with sole voting and dispositive power with respect to 3,337 shares. Barclays Bank PLC is the beneficial owner with sole voting and dispositive power with respect to 28,197 shares. Barclays Capital Securities Limited is the beneficial owner with sole voting and dispositive power with respect to 1,978 shares. Barclays Capital Inc., Barclays Private Bank & Trust (Isle of Man) Limited, Barclays Private Bank and Trust (Jersey) Limited, Barclays Bank and Trust Company Limited, Barclays Bank (Suisse) SA, and Barclays Private Bank Limited have neither voting nor dispositive power with respect to any such shares.

(2) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission by AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle, AXA and AXA Financial Inc. (on behalf of its two subsidiaries Alliance Capital Management L.P. (Alliance), and The Equitable Life Assurance Society of the United States (Equitable)). Each reporting person listed above is deemed to have sole voting power with respect to 4,497,037 shares,

shared voting power with respect to 744,766 shares, sole dispositive power with respect to 8,012,101 shares, and shared dispositive power with respect to 1,100 shares. Of the 8,013,201 shares reported in the Schedule 13G/A, (a) 8,009,760 shares are owned by Alliance, acquired solely for investment purposes on behalf of client discretionary investment advisory accounts, (b) 2,341 shares are owned by Equitable, acquired solely for investment purposes, and (c) 1,100 shares are owned by AXA Entity or Entities, acquired solely for investment purposes. Alliance has sole voting power with respect to 4,495,196 shares, shared voting power with respect to 744,766 shares, and sole dispositive power with respect to 8,009,760 shares. Equitable has sole voting

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power with respect to 1,841 shares and sole dispositive power with respect to 2,341 shares. AXA Entity or Entities have shared dispositive power with respect to 1,100 shares.

(3) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission by Dodge & Cox, an investment advisor. Dodge & Cox has sole voting power with respect to 6,981,160 shares, shared voting power with respect to 77,000 shares, and sole dispositive power with respect to all such shares.

(4) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission by Marsh & McLennan (MMC) and Putnam LLC d/b/a Putnam Investments (PI), a wholly-owned subsidiary of MMC, and the other entities listed below. PI has shared voting power with respect to 502,106 shares and shared dispositive power with respect to 6,242,784 shares. Putnam Investment Management, LLC (PIM), a registered investment advisor to the Putnam family of mutual funds, has shared voting power with respect to 289,536 shares and shared dispositive power with respect to 5,730,570 shares. The Putnam Advisory Company, LLC (PAC), a registered investment advisor to Putnam s institutional clients, has shared voting power with respect to 212,570 shares and shared dispositive power with respect to 512,214 shares. Both subsidiaries have dispository power over the shares as investment managers, but each of the mutual fund s trustees have voting power over the shares held by each fund, and the PAC has shared voting power over the shares held by the institutional clients. MMC has neither voting nor dispositive power with respect to any of the shares.

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BENEFICIAL OWNERSHIP

The following table reports beneficial ownership of common stock by each director, nominee for director, the Chief Executive Officer and the four other most highly compensated executive officers, and all directors and executive officers of Whirlpool as a group, as of February 23, 2004. Beneficial ownership includes, unless otherwise indicated, all shares with respect to which each director or executive officer, directly or indirectly, has or shares the power to vote or to direct the voting of such shares or to dispose or direct the disposition of such shares. The address of all directors and executive officers named below is c/o Whirlpool Corporation, 2000 N. M-63, Benton Harbor, MI 49022-2692.

	Shares Beneficially Owned(1)	Shares Under Exercisable Options(2)	Total	Percentage
Gary T. DiCamillo	4,469	2,400	6,869	*
Jeff M. Fettig	37,989	373,000	410,989	*
Allan D. Gilmour	7,200	4,800	12,000	*
Kathleen J. Hempel	5,200	3,000	8,200	*
Michael F. Johnston	-0-	-0-	-0-	*
James M. Kilts	3,600	1,800	5,400	*
Arnold G. Langbo	5,507	3,000	8,507	*
Miles L. Marsh	7,409	4,200	11,609	*
Paulo F. M. Periquito	90,922	233,500	324,422	*
Paul G. Stern	6,800	4,200	11,000	*
Janice D. Stoney	5,500	5,400	10,900	*
David L. Swift	3,688	67,000	70,688	*
Michael A. Todman	10,102	112,000	122,102	*
David R. Whitwam	140,712	660,000	800,712	1.17%
All directors and executive officers as a group (16 persons).	346,093	1,547,800	1,893,893	2.76%

* Represents less than 1% of the outstanding common stock.

(1) Does not include:
   (a) shares subject to currently exercisable options, which information is set forth separately in the second column; or
   (b) 1,352,131 shares held by the Whirlpool 401(k) Trust (but does include 21,601 shares held for the accounts of executive officers).

(2) Includes shares subject to options that will become exercisable within 60 days.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Whirlpool s directors and executive officers and persons who own more than 10% of Whirlpool s common stock to file with the Securities and Exchange Commission and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of Whirlpool s common stock. Officers, directors, and greater than 10% stockholders are required by SEC regulation to furnish Whirlpool with copies of all Section 16(a) reports they file. Based solely on review of the copies of such reports furnished to Whirlpool and written representations that no other reports were required, Whirlpool believes that all Section 16(a) filing requirements applicable to its officers, directors, and greater than 10% stockholders were complied with during the fiscal year ended December 31, 2003.

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EXECUTIVE COMPENSATION

The table below provides a summary of annual and long-term compensation for the last three years of the Chief Executive Officer and the four other most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE (2001-2003)

			Annual Compensation			Long-Term Compensation: Awards	Long-Term Compensation: Payouts	
Name	Principal Position	Year	Salary	Bonus	Other Annual Comp.(1)	Options (#)	LTIP Payouts ($)(2)	All Other Compensation ($)(3)
David R. Whitwam	Chairman and Chief Executive Officer	2003	$ 1,170,833	$ 1,370,000	$ 0	150,000	$ 1,772,183	$ 31,284
		2002	1,119,000	1,360,000	0	125,000	643,842	31,284
		2001	1,089,000	1,320,000	0	120,000	1,353,927	20,382
Jeff M. Fettig	President and Chief Operating Officer	2003	$ 715,833	$ 621,000	$ 0	70,000	$ 829,943	$ 513
		2002	661,667	619,000	0	70,000	276,264	468
		2001	616,667	629,000	0	70,000	553,779	312
Paulo F. M. Periquito	Executive Vice President and President, Latin America	2003	$ 597,504	$ 470,000	$ 234,229	33,000	$ 2,438,804	$ 30,580
		2002	575,000	552,000	165,024	33,000	230,243	23,001
		2001	512,504	1,698,087(4)	185,312	33,000	470,223	23,302
David L. Swift	Executive Vice President, North American Region	2003	$ 508,333	$ 415,000	$ 0	30,000	$ 618,409	$ 3,330
		2002	475,000	576,000(5)	0	27,000	235,245	2,220
		2001	48,580	400,000(5)	0	25,000	329,798	90
Michael A. Todman	Executive Vice President and President, Whirlpool Europe	2003	$ 495,833	$ 371,000	$ 1,526,261	27,000	$ 626,590	$ 3,330
		2002	475,000	381,000	266,337	27,000	181,806	2,719
		2001	374,542	371,000	119,070	22,000	264,262	1,337

(1) In 2003, 2002, and 2001, the Company paid Mr. Periquito $75,000 each year to compensate him for increased living costs; in 2003, the Company reimbursed Mr. Periquito $78,618 for premium costs and expenses incurred for medical, dental, and pharmaceutical benefits; additional annual compensation relates to other expenses associated with his employment in Brazil. In 2003, 2002, and 2001, the Company

reimbursed Mr. Todman $177,963, $136,541, and $109,502, respectively, for increased cost of living and other expenses related to his foreign service; also, in 2003, the Company paid foreign taxes of $1,259,018 on Mr. Todman s behalf.

(2) Amounts represent payouts under long-term, equity-based compensation programs based on the Company s financial performance as described later in this proxy statement under the caption Long-Term Incentives in the Human Resources Committee Report on Compensation Awards. For 2003, the payout under the Company s long-term incentive program reflected achievement of a performance objective during the 2001-2003 performance period relating to the awards. Mr. Periquito s 2003 figure includes $1,781,250 received pursuant to the Company s Special Retention Program (as described later in this proxy statement in the Human Resources Committee Report on Compensation Awards). In addition, Mr. Todman s figures include payouts relating to awards granted under a special incentive program for key employees who were not executive officers at the time of the grant.

(3) Amounts represent group term life insurance premiums.

(4) Of this amount, $1,226,087 was paid to Mr. Periquito in the form of 18,500 shares of Company stock under the Key Employee Treasury Stock Ownership Plan (as described later in this proxy statement in the Human Resources Committee Report on Compensation Awards) in lieu of an equal number of shares previously granted under the Special Retention Program.

(5) These figures include annual bonus payments plus amounts associated with Mr. Swift s transition into the Company.

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STOCK OPTION GRANTS AND RELATED INFORMATION

The table below provides information on grants of stock options during 2003 for the Chief Executive Officer and the four other most highly compensated executive officers of the Company.

OPTION GRANTS IN 2003

ASSUMED STOCK PRICE APPRECIATION

	Individual Grants in 2003				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for 10-year Option Term(1)	
Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees(2)	Exercise Price(3)	Expiration Date(4)	5%	10%
David R. Whitwam	150,000	11.36%	$ 49.60	2-17-2013	$ 4,678,976(5)	$ 11,857,444(6)
Jeff M. Fettig	70,000	5.30%	49.60	2-17-2013	2,183,522(5)	5,533,474(6)
Paulo F.M. Periquito	33,000	2.50%	49.60	2-17-2013	1,029,375(5)	2,608,638(6)
David L. Swift	30,000	2.27%	49.60	2-17-2013	935,795(5)	2,371,489(6)
Michael A. Todman	27,000	2.04%	49.60	2-17-2013	842,216(5)	2,134,340(6)
All Optionees(2)	1,314,900	100%	50.07(avg)	2013	41,401,580(7)	104,916,041(8)
All Stockholders	N/A	N/A	N/A	N/A	2,170,125,471	5,499,330,519
All Optionee Gain as a % of all Stockholder Gain					1.91%	1.91%

(1) Potential pre-tax realizable value is based on the assumption that the stock price appreciates from the exercise price at the annual rates of appreciation shown in the table over the option term (10 years). This is a theoretical value. The actual realized value depends on the market value of the Company s stock at the exercise date. All calculations are based on shares outstanding as of December 31, 2003.
(2) Based on 1,314,900 options granted to 437 employees in 2003. No gain to the optionees is possible without an increase in the common stock price.
(3) Fair market value on the date of grant.
(4) Options generally become exercisable in installments of 50% one year after the date of grant and the remaining 50% two years after the grant date, with all options becoming exercisable upon a Change in Control. A Change in Control is generally defined to include the acquisition by any person or group of 15% or more of Whirlpool s voting securities, a change in the composition of the Board such that the existing Board or persons who were approved by a majority of such Board members or their successors on the existing Board cease to constitute a majority of the Board, and approval by the stockholders of an acquisition or liquidation of Whirlpool.
(5) Using the option exercise price ($49.60), per share price of common stock would be $80.79 assuming no stock splits or stock dividends.
(6) Using the option exercise price ($49.60), per share price of common stock would be $128.65 assuming no stock splits or stock dividends.
(7) Using the average option exercise price for the year ($50.07), per share price of common stock would be $81.56 assuming no stock splits or stock dividends.
(8) Using the average option exercise price for the year ($50.07), per share price of common stock would be $129.87 assuming no stock splits or stock dividends.

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STOCK OPTION EXERCISES AND HOLDINGS

The table below provides information on shares underlying options exercisable at the end of 2003 and options exercised during 2003 for the Chief Executive Officer and the four other most highly compensated executive officers of the Company.

AGGREGATED OPTION EXERCISES AND YEAR-END VALUE FOR 2003

			Securities Underlying Unexercised Options Held at Fiscal Year End		Value of Unexercised In-the-Money Options Held at Fiscal Year End	
Name	**Shares Acquired on Exercise**	**Value Realized**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
David R. Whitwam	85,000	$ 2,052,811	632,500	212,500	$ 10,686,525	3,726,625
Jeff M. Fettig	5,500	25,520	303,000	105,000	5,310,805	1,768,550
Paulo F. M. Periquito	0	0	200,500	49,500	3,745,915	833,745
David L. Swift	0	0	38,500	43,500	211,175	750,375
Michael A. Todman	20,000	608,877	85,000	40,500	1,405,390	682,155

LONG-TERM INCENTIVE AWARDS

No long-term incentive compensation awards were granted by the Company in 2003 under its Executive Stock Appreciation and Performance Program.

AGREEMENTS WITH EXECUTIVE OFFICERS

Whirlpool has agreements with its executive officers that provide severance benefits if, within two years following a Change in Control, the executive officer s employment is terminated either by Whirlpool (other than for cause, as defined) or by the officer for good reason (as defined), or, voluntarily during the 13th month following a Change in Control. Benefits include severance pay equal to three times annual compensation (generally defined as base salary plus target annual bonus), plus an amount to compensate the individual for excise taxes, if any, arising out of the severance pay. Under certain circumstances, the agreements provide for continuing participation for up to three years in insurance and other employee welfare benefit plans and, in the case of defined benefit retirement plans, provide for three years additional age and service credits for purposes of vesting and computing benefits. After the initial term of less than two years, each agreement is automatically extended for consecutive subsequent two-year terms, but any agreement may be terminated as of the end of any term upon 90 days prior notice, but not for 24 months after a Change in Control. A Change in Control is generally defined to include the acquisition by any person or group of 15% or more of Whirlpool s voting securities, a change in the composition of the Board such that the existing Board or persons who were approved by a majority of such Board members or their successors on the existing Board cease to constitute a majority of the Board, and approval by the stockholders of an acquisition or liquidation of Whirlpool. In addition, Whirlpool has entered into non-compete agreements with its executive officers that provide that they shall not directly or indirectly compete with the Company for a period of 12 months after termination of employment. Finally, the Company has an agreement with Mr. Periquito relating to retirement benefits; the agreement is described at the end of the next section of this proxy statement.

RETIREMENT BENEFITS

Whirlpool s non-contributory defined benefit retirement plan (the Retirement Plan) covers substantially all of our U.S. based salaried employees. Upon reaching the normal retirement age of 65, each vested participant is eligible to receive an annual pension for life equal to 2% of annual base salary, averaged over the 60 consecutive calendar months during which pay was highest out of the last

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120 months completed before age 65, for each year of credited service (up to a maximum of 30 years). For participants with five or more years of service, reduced benefits are payable upon early retirement or termination of employment after age 55. For five years following a Change in Control, Whirlpool may not terminate the retirement plan or amend or merge it with another plan in a manner that would reduce benefits. If the Retirement Plan is terminated (including a termination by operation of law) during this five-year period, any assets held under the plan in excess of the amount needed to fund accrued benefits would be used to provide additional benefits to plan participants. We also have supplemental retirement plans that (i) provide to certain employees, including executive officers, additional benefits generally similar to those under the Retirement Plan but based upon an average of the five highest total amounts of bonuses paid from our bonus plans during the ten years prior to retirement and (ii) maintain benefits at the levels set forth in the table below which are otherwise limited under the Retirement Plan by the Employment Retirement Income Security Act of 1974.

The following table sets forth the estimated annual pension benefits payable under the Retirement Plan and supplemental plans (as described above) upon retirement at age 65 after selected periods of service.

	Estimated Annual Pension Benefits at Age 65*					
Covered Compensation	**5 Years Service**	**10 Years Service**	**15 Years Service**	**20 Years Service**	**25 Years Service**	**30 Years Service**
$ 600,000	$ 60,000	$ 120,000	$ 180,000	$ 240,000	$ 300,000	$ 360,000
800,000	80,000	160,000	240,000	320,000	400,000	480,000
1,000,000	100,000	200,000	300,000	400,000	500,000	600,000
1,200,000	120,000	240,000	360,000	480,000	600,000	720,000
1,400,000	140,000	280,000	420,000	560,000	700,000	840,000
1,600,000	160,000	320,000	480,000	640,000	800,000	960,000
1,800,000	180,000	360,000	540,000	720,000	900,000	1,080,000
2,000,000	200,000	400,000	600,000	800,000	1,000,000	1,200,000
2,200,000	220,000	440,000	660,000	880,000	1,100,000	1,320,000
2,400,000	240,000	480,000	720,000	960,000	1,200,000	1,440,000
2,600,000	260,000	520,000	780,000	1,040,000	1,300,000	1,560,000
2,800,000	280,000	560,000	840,000	1,120,000	1,400,000	1,680,000
3,000,000	300,000	600,000	900,000	1,200,000	1,500,000	1,800,000

* The amounts set forth in the table are on the basis of a straight life annuity and are not subject to reduction for Social Security benefits or other payments. The maximum number of years of service for which pension benefits accrue is 30. Messrs. Whitwam, Fettig, Swift, and Todman had approximately 36 years, 23 years, 2 years, and 11 years respectively, of eligible service at December 31, 2003, and their covered compensation under the plans for 2003 was equal to the base salary and bonus set forth in the Summary Compensation Table above.

The Company has entered into an agreement with Mr. Periquito that, under Brazilian law, requires the Company to provide him with a retirement payment of 85% of his basic monthly salary at age 60 assuming he is a participant under the relevant Brazilian pension plan for 10 years. Under that plan, he would receive a disability retirement payment of 70% of the value of the retirement benefit, and if he dies, his widow would receive a pension payment of 50% of the value of the retirement benefit. In addition, underage children would receive 30% of the value of the retirement benefit in the event of his death. He is required to participate in the cost of his pension benefit at the rate of 15% of the monthly cost of the plan, up to a limit of 8% of his basic salary.

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HUMAN RESOURCES COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Human Resources Committee was at any time during 2003 an officer or employee of Whirlpool and no member of the Committee has formerly been an officer of Whirlpool. In addition, no compensation committee interlocks existed during fiscal year 2003.

HUMAN RESOURCES COMMITTEE REPORT ON COMPENSATION AWARDS

The Human Resources Committee of the Board of Directors has furnished the following report on executive compensation for 2003.

Whirlpool is dedicated to global leadership and to delivering superior stockholder value. Whirlpool s executive compensation philosophy is designed to support these objectives by attracting and retaining the best possible management talent and by motivating these employees to achieve business and financial goals that create value for stockholders in a manner consistent with Whirlpool s focus on four enduring values: respect, integrity, diversity, and teamwork. Our pay for performance philosophy is centered around the following points:

- Compensation should be incentive driven with both short- and long-term focus;
- More pay should be at risk than with the average company;
- Components of compensation should be tied to increasing stockholder value; and
- Compensation should be tied to a balanced evaluation of corporate and individual performance measured against financial, customer, and employee related objectives a balanced scorecard approach.

The Committee is responsible for the design, administration, and effectiveness of the compensation plans for management employees, including senior executives.

SALARY

Salary levels and salary increase guidelines are based on competitive market reviews conducted with the assistance of outside consultants retained by the Committee. Comparison companies are blue chip companies that are similar to Whirlpool in a variety of respects, such as companies that compete with Whirlpool; tend to have national and international business operations; or are similar in sales volumes, market capitalizations, employment levels, lines of business, and business organization and structure. This group of companies (peer group) is used to define the market for each component of pay as well as total compensation. The peer group companies chosen for the competitive market review are not entirely the same as those that comprise Standard &

Poor s Household Furniture and Appliance Group shown in the Performance Graph because the Committee believes that Whirlpool s most direct competitors for executive talent are not necessarily limited to the companies included in the published industry index. Base salary for Mr. Whitwam and other executive officers is targeted at the median of the base salaries for officers in the peer group companies, after adjusting for size of the companies. Base salary increases for the year ranged between 4.9% and 8.4% for the named executive officers. Mr. Whitwam received a 4.9% salary increase on March 1, 2003. The increases reflected both moves in market salaries as well as the executives individual performance (as discussed below) against specific objectives. With respect to Mr. Whitwam s individual performance objectives during 2003, the Committee assessed his performance in the areas of leadership, managerial and organizational effectiveness, value creation, Whirlpool s overall financial performance, and executive talent development. The Committee determined that Mr. Whitwam had exceeded his objectives on balance in these areas.

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ANNUAL INCENTIVE COMPENSATION

The Performance Excellence Plan (PEP) provides all regular exempt and some non-exempt employees with an annual incentive designed to focus their attention on stockholder value creation, drive performance in support of this goal and other business goals, and reflect individual performance (except for designated executive officers subject to Section 162(m) of the Internal Revenue Code) as measured against financial, customer, and employee related objectives. For 2003, target awards ranging from 5% to 110% of base salary were established by the Committee. The PEP is designed to provide total direct compensation that is above the mean of the peer group when the target level of stretch performance is achieved.

For 2003, the Company established performance measures based on financial, customer, and employee factors. These performance measures were selected based on the Committee s belief that improving such measures correlates to increasing value to stockholders. Achievement of individual business performance goals is also a factor in determining PEP payouts for all employees other than designated executive officers. In addition, up to 25% of PEP eligible employees (excluding officers) are eligible for an outstanding contributor bonus equal to 25%, 50%, or 75% of their target PEP bonus. For Messrs. Whitwam, Fettig, Swift, and Todman, a corporate performance target based on return on equity was established. Because the Company exceeded this financial performance target, these executive officers earned a PEP award for 2003 as set forth in the Summary Compensation Table based on the Committee s evaluation of the Company s performance measured against the financial, customer, and employee objectives and the individual performance of the officer under the Committee s balanced scorecard approach.

In addition, the Company has established the Executive Officer Bonus Plan (EOBP) under which the Committee has the discretion to grant bonus payouts to designated executive officers in recognition of strong individual performance in the event that the Committee concludes such awards are appropriate. In 2003, no awards were granted under this plan.

LONG-TERM INCENTIVES

Our long-term incentive programs are comprised of the Stock Option Program, the Executive Stock Appreciation and Performance Program, the Special Retention Program, and the Career Stock Program, all of which are authorized under one or more of Whirlpool s Omnibus Stock and Incentive Plans. Grants under both the Stock Option and Executive Stock Appreciation and Performance Programs are typically made each year. The long-term incentive programs are intended to provide rewards to executives only if significant additional value is created for stockholders over time. In addition, the Company has established the Key Employee Treasury Stock Ownership Plan under which awards similar to those established under the Omnibus Plans may be granted to key management employees by the Committee. These stock-based plans are designed to encourage a significant ownership interest in Whirlpool to help assure that the interests of the executives are closely aligned to those of other stockholders and to provide incentives for the executives to remain with Whirlpool.

Stock Option Program. Option grants in 2003 were made under one or more of Whirlpool s Omnibus Stock and Incentive Plans and were based on our analysis of competitive award sizes, along with adjustments reflecting individual performance as evaluated by the Committee with respect to the Chief Executive Officer, and by the Chief Executive Officer as approved by the Committee with respect to the other four named executive officers. In making final awards, the Committee considered the optionee s scope of responsibility and opportunity to affect Whirlpool s future success, strategic and operational goals, individual contributions, and the number of options previously awarded and currently held. Grants were issued with an exercise price equal to the fair market value of the stock at the time of grant.

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Mr. Whitwam s 2003 option grant, as noted in the Summary Compensation Table, was made separately and at the sole discretion of the Committee primarily based on its competitiveness with the marketplace, but also taking into account the Committee s assessment of his individual performance.

Executive Stock Appreciation and Performance Program (ESAP). ESAP provides senior management with incentives to significantly improve the long-term performance of Whirlpool and increase stockholder value over time. The compensation opportunities under the program are tied directly to the financial performance of Whirlpool over a preset period, normally three years, beginning each January 1. In combination with other elements of compensation, award sizes are designed to provide competitive total compensation that exceeds the market when stretch target performance is met. A payout was earned by Mr. Whitwam under the 2001-2003 ESAP cycle based on the Committee s evaluation of the Company s performance measured against the EVA improvement financial target established at the beginning of the performance period. The final payout of this grant, along with those of other named executive officers, is included in the column labeled LTIP Payouts in the Summary Compensation Table and is based on the Committee s evaluation of Company performance against the financial, customer, and employee objectives established for the Company and the individual effort of each officer. The payout was made in 2004.

In 2002, a grant was made under this program from one or more of Whirlpool s Omnibus Stock and Incentive Plans. The grant is for a three-year cycle ending December 31, 2004, and payout is contingent upon achieving specific EVA and revenue growth targets over the performance period. The contingent shares granted to the named executive officers in 2002 under the 2002-2004 ESAP cycle (as disclosed in the Long-Term Incentive Plan Awards table) were calculated based on the competitive objective for ESAP target award sizes. In 2003, no grants were made under this program.

Special Retention Program (the SRP Program). The SRP Program was established to provide grants of phantom restricted shares of the Company s common stock to up to 50 select officers of the Company as a means of motivating and retaining key leadership talent. Recipients and award sizes are based on subjective determinations relating to a broad range of leadership factors. Restrictions on 50% of the phantom restricted shares lapse at the end of the third year from the date of grant and the restrictions on the remaining 50% lapse at the end of the seventh year assuming, in each case, that the officer continues to exhibit strong leadership performance. The phantom restricted shares do not represent an equity interest in the Company, and no voting rights attach to the phantom restricted shares until and unless they are converted into common stock of the Company. The value of one phantom restricted share awarded is equal to the fair market value of a share of common stock on that date. Recipients of SRP Program phantom stock will receive one share of common stock for each share of phantom restricted stock on a one-for-one basis upon the lapse of restrictions and may defer receipt of vested shares until retirement.

Career Stock Program (the Career Stock Program). The Career Stock Program was established to provide one-time grants of phantom stock to select key executives as a means of retaining those executives and encouraging long-term employment. Recipients and award sizes are based on subjective determinations relating to a broad range of factors. The shares do not represent an equity interest in Whirlpool, and no voting rights attach to the shares until and unless they are distributed to the participant. Grants are made under one or more of Whirlpool s Omnibus Stock and Incentive Plans. The value of a share of Career Stock on any given date is equal to the fair market value of a share of common stock on that date. Recipients of Career Stock will receive one share of common stock for each share of phantom stock on a one-for-one basis upon retirement after attaining the age of 60 or upon termination of employment, based on individual vesting schedules and subject to certain non-competition provisions. Phantom Career Stock dividends are invested in additional phantom shares to be awarded in the same manner as the original awards. In 2003, no grants were made under this program.

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Key Employee Treasury Stock Ownership Plan (the Key Employee Treasury Stock Plan). The Key Employee Treasury Stock Plan was established to support the hiring and retention initiatives at key leadership positions in order to foster the long-term financial success of the Company. The plan provides key leaders with the opportunity to receive common stock of the Company and stock option, restricted stock, and phantom stock awards to be paid from the Company s treasury stock, with the terms of such awards to be established by the Human Resources Committee. All awards granted under the Key Employee Treasury Stock Plan shall be paid in treasury shares of the Company s common stock. The maximum number of shares of common stock that may be awarded for all purposes under the plan is 200,000. In 2003, no awards were granted under this plan.

OWNERSHIP GUIDELINES

In 1995, management adopted, with the Committee s approval, stock ownership guidelines to support the objective of increasing the amount of stock owned by the most senior group of executives (approximately 100 individuals). The guidelines for stock ownership are based on an individual s level in the organization and range from seven times base salary for the Chief Executive Officer to one times base salary for lower level executives.

TAX CODE LIMITATION ON EXECUTIVE COMPENSATION DEDUCTIONS

The Internal Revenue Code imposes a $1 million deduction limit on compensation paid to executives named in the compensation section of the proxy statements of public companies, subject to certain transition rules and exceptions for non-discretionary performance based plans approved by stockholders.

The Committee intends to preserve the tax deductibility of executive compensation to the extent practicable while focusing on consistency with its compensation policies, the needs of Whirlpool, and stockholder interests.

The Committee retains the discretion to reward strong individual performance of designated executive officers under the EOBP. The Committee believes this ability to exercise discretion is in the best interest of Whirlpool and its stockholders and outweighs the need to qualify the EOBP so that amounts paid from this plan are exempt from the deductibility limits of Section 162(m). Accordingly, pay for individual performance under the EOBP will generally not qualify under Section 162(m) and may not be fully deductible.

SUMMARY

We, the Human Resources Committee of Whirlpool, believe a strong link exists between executive pay and performance at Whirlpool.

James M. Kilts, Chair

Arnold G. Langbo

Miles L. Marsh

Paul G. Stern

Janice D. Stoney

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PERFORMANCE GRAPH

The graph below depicts the yearly dollar (and percentage) change in the cumulative total stockholder return on our common stock with the cumulative total return of Standard & Poor s (S&P) Composite 500 Stock Index and the cumulative total return of the S&P Household Appliance Group Index for the years 1999 through 2003*. The graph assumes $100 was invested on December 31, 1998 in Whirlpool common stock, the S&P 500, and the S&P Household Appliance Group.

Comparison of Cumulative Five Year Total Return

	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03
Whirlpool	$ 100	$ 120	$ 91	$ 143	$ 104	$ 148
S&P 500	$ 100	$ 121	$ 110	$ 97	$ 76	$ 97
S&P Household	$ 100	$ 98	$ 78	$ 101	$ 87	$ 104

* Cumulative total return is measured by dividing: (1) the sum of (a) the cumulative amount of the dividends for the measurement period, assuming dividend reinvestment, and (b) the difference between share price at the end and the beginning of the measurement period by (2) the share price at the beginning of the measurement period.

PROPOSAL TO RENEW THE PERFORMANCE EXCELLENCE PLAN

Whirlpool s Performance Excellence Plan (the PEP Plan) is an annual bonus plan for regular employees that was first adopted in 1989. Stockholders approved an amendment to the PEP Plan in 1994 that allowed the Board of Directors to continue the PEP Plan without incurring increased cost under changes in the federal tax laws affecting compensation for certain executive officers. On February 16, 1999, the Board of Directors amended the PEP Plan so that, subject to approval by the stockholders, Whirlpool could continue to make awards under the PEP Plan through December 31, 2003 and continue to be eligible for tax deductions under Section 162(m) of the Internal Revenue Code, as amended. On February 17, 2004, the Board of Directors renewed the PEP Plan, subject to approval by the stockholders, for an additional five years.

The Board believes that the PEP Plan strengthens the commitment of key management employees to create exceptional shareholder value by providing them with short-term incentive compensation based on our ability to meet financial and other business goals that create stockholder value. Because the PEP Plan allows the Human Resources Committee to retain the flexibility to choose appropriate business and financial goals and to change the target level of these goals, the tax regulations require that the PEP Plan be resubmitted to stockholders for approval every five years.

The affirmative vote of the holders of a majority of the shares of common stock present in person or by proxy at the annual meeting of stockholders and entitled to vote is necessary for approval to renew the PEP Plan. The PEP Plan will not be continued unless this vote is received. The Board recommends a vote FOR the renewal of the PEP Plan.

The complete text of the PEP Plan is set forth in Exhibit A to this proxy statement. You should read the complete text of the PEP Plan for more detail regarding the operation of the PEP Plan.

ADMINISTRATION OF THE PEP PLAN

The Human Resources Committee (the Committee) of the Board is responsible for administration of the PEP Plan. The Committee consists of five independent members of the Board who are not officers or employees of the Company. Committee members are also to be outside directors as required by and within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Subject to the Committee s approval, the Chief Executive Officer (the CEO) may assist in, and make recommendations regarding, the administration of the PEP Plan. The Senior Vice President, Global Human Resources will be responsible for the day-to-day administration of the PEP Plan following administrative guidelines approved from time to time by the Committee.

ELIGIBILITY AND PARTICIPATION

In general, regular employees of Whirlpool are eligible to participate in the PEP Plan if nominated by the CEO. Last year, substantially all salaried employees in the United States, Canada, and Europe participated in the PEP Plan, as well as certain management personnel in other regions (approximately 7,000 employees in total). However, to meet requirements of Code Section 162(m), there are several, generally more restrictive, PEP Plan provisions that only apply to Executive Officers. Executive Officers under the PEP Plan (up to approximately 9) are defined as the Chief Executive Officer, President, and any Executive or Senior Vice

President designated by the Committee prior to the start of any PEP Plan year. The CEO will make recommendations regarding participation in the PEP Plan subject to Committee approval. The CEO and President are automatic participants in the PEP Plan. Eligible employees are notified of their participation, their target award opportunity, and the relevant corporate and business group performance measures (as described below) at the beginning of each PEP Plan year. Nonexempt employees who participate in the PEP Plan generally are eligible for a bonus under the PEP Plan of up to 5% of their salary if designated performance goals are met.

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AWARD OPPORTUNITIES, CALCULATION, AND INDIVIDUAL AWARDS

The levels of base salary and target annual bonuses for PEP Plan participants, including Executive Officers, are approved by the Committee each year. Consistent with the Committee s compensation philosophy, if stretch performance goals are achieved, total direct pay (base salary plus bonus) is targeted as competitive with market total direct pay for those companies in the competitive market review. In this way, competitive total direct pay is achieved when target performance is met or exceeded but with a larger percent of pay at risk than is the case in comparison companies.

Individual bonus award targets range from 5% 110% of base pay, with actual base salary paid during the PEP Plan year being used to compute individual awards for employees other than Executive Officers. For Executive Officers, base salary in effect as of the first day of the PEP Plan year will be used to compute awards. Target awards are intended to reflect an individual s job responsibilities and ability to affect financial results of Whirlpool. For PEP Plan participants other than Executive Officers, the percentage of the target bonus actually paid is based on (i) the extent to which appropriate corporate and/or business group financial and other business measures are met and (ii) the extent to which individual performance objectives are achieved. The performance multipliers range from 0% 200%. Thus, if either financial performance or individual performance does not meet the threshold, generally no bonus award will be paid. The maximum bonus using this formula is 3.0 times base pay. In no event will the amount payable to a participant under the PEP Plan for any calendar year exceed $3,000,000.

For Executive Officers, the target bonus is established by multiplying the base salary times the target bonus percentage set for that salary grade times two. The percentage of the target bonus actually paid is based only on appropriate corporate or business group financial measures and does not involve an evaluation of individual performance. Thus bonuses under the PEP Plan for Executive Officers may range from 0 3.3 times base pay. The Committee has the discretion to reduce or eliminate (but not to increase) the bonus award calculated under the PEP Plan for any Executive Officer based on factors it deems relevant.

Financial performance measures for employees will be measured on Whirlpool s overall corporate results, while employees in designated business groups may also be measured on a combination of corporate and business group results. For Executive Officers, corporate financial performance will be measured based on return on equity (ROE). ROE will be calculated as the ratio of profit to average shareholder equity. Profit refers to earnings from continuing operations before accounting changes. Average shareholder equity refers to the sum of shareholder equity at the beginning and end of the year, divided by two. Business group financial performance will be measured by either return on assets (ROA), calculated for each designated business group as the ratio of net operating earnings generated by the business group to total assets of the group, or return on net assets (RONA), calculated as net operating earnings after-tax divided by average monthly net assets. Net earnings refers to total revenues less total expenses, on an after-tax basis. ROE, ROA, and RONA will be based on calculations provided by Whirlpool s independent auditors. ROE, ROA, and RONA performance goals are adopted each year by the Committee for corporate level and various business groups.

For employees other than Executive Officers, the Committee has the discretion to adopt performance goals other than those described above.

The Committee also approves a range of performance above and below these goals for establishing the financial performance multipliers. An important factor in setting the financial performance goals is achieving results at a level expected to create value for stockholders. Once approved by the Committee, performance goals normally may not be changed during the PEP Plan year. However, if external changes or other unanticipated business conditions have materially affected the fairness of

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the goals, the Committee may approve appropriate adjustments to the performance goals during the PEP Plan year. In the case of Executive Officers, no adjustment may be made to the performance goals that would have the effect of increasing the amount that would otherwise be paid out pursuant to the PEP Plan.

Individual performance, the final factor in calculating awards for participants other than Executive Officers, will be based on each employee s performance rating resulting from a performance management process. In this process each individual s objectives are to be tied to overall corporate objectives which are designed to increase stockholder value. A formal performance review is used to determine the individual performance multiplier or other method of rewarding individual performance such as funding pools for outstanding and exceptional contributors. While Executive Officers will go through the same goal setting and review process (including the CEO with the Committee), no individual performance multiplier is used to calculate their bonus awards under the PEP Plan. However, the Committee has the discretion to reduce or eliminate the bonus award of any Executive Officer based on individual performance or other factors.

PAYMENTS, DEFERRALS, TERMINATIONS, AND BENEFICIARIES

At the end of each PEP Plan year, the CEO will report the overall performance results of Whirlpool and the various business group segments to the Committee. The Committee will certify in writing the extent to which the performance goals have been satisfied and then approve payment. Payments under the PEP Plan will be made once a year in the form of cash as soon as administratively feasible following the release of the Company s audited financial results for the previous year. Subject to Committee consent, the CEO may select certain participants who may elect to defer irrevocably all or a portion of their performance award. Upon termination of employment due to death, disability, retirement, reduction in force, or transfer to one of our affiliates, awards will be paid based on the amount earned before such termination, in a lump sum or installments. Upon termination for other reasons (for example, misconduct or employment with a competitor), the employee may forfeit or be required to repay the PEP Plan award. Participants may name a beneficiary or beneficiaries to whom any benefit under the PEP Plan is to be paid in case of their death.

CHANGE IN CONTROL, AMENDMENTS, AND INDEMNIFICATION

If there is a change in control of Whirlpool, participants become entitled to an award which is the greater of (i) a modified version of the standard formula set forth above, but, in the case of participants other than Executive Officers, applying an individual performance multiplier of not less than 1.0, or (ii) their target award percentage times base salary paid in the PEP Plan year up to the date of such change of control. In such an event, awards are to be paid in cash as soon as administratively possible following the change in control. The PEP Plan may be amended by Whirlpool in its sole and absolute discretion and without notice, provided that no such amendment may reduce the rights of a participant to a payment or distribution or negatively affect a participant s potential rights under the PEP Plan with respect to a change in control. The Plan provides for indemnification of members of the Committee or Board and participants for actions brought against such persons in connection with the PEP Plan.

NEW PLAN BENEFITS

Because awards under the PEP Plan are based on performance during the year and are subject to the discretion of the Committee, the benefits and amounts that will be received or allocated in the future under the Plan are not determinable. The following table sets forth the awards which were granted under the PEP Plan during fiscal year 2003 to the named executive officers, all current executive officers as a group, all non-executive directors as a group, and all non-executive officer employees as a group. This may not be indicative of future awards under the PEP Plan.

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Awards Under the Performance Excellence Plan for 2003

Name and Position	Dollar Value of Award	
David R. Whitwam, Chairman and Chief Executive Officer	$	1,370,000
Jeff M. Fettig, President and Chief Operating Officer	$	621,000
Paulo F. M. Periquito, Executive Vice President, Latin America	$	470,000
David L. Swift, Executive Vice President, North American Region	$	415,000
Michael A. Todman, Executive Vice President and President, Whirlpool Europe	$	371,000
Executive Officers as a Group	$	3,886,000
Non-Executive Directors as a Group	$	0
Employees other than Executive Officers as a Group	$	59,858,000

BOARD RECOMMENDATION

The Board believes that approving the PEP Plan should enable the Company to continue to qualify PEP Plan payments for deduction under federal tax laws while continuing appropriate short-term compensation incentives.

The Committee strongly believes that purely numeric formula incentive plans are inadequate to drive the superior results that the Company is seeking. Removing Committee discretion from incentive compensation severely limits the Committee s ability to carry out its corporate governance responsibilities. Good judgment and discretion are the essence of what shareholders expect from Board members. As noted earlier, the Committee believes the discretion it has been able to exercise under existing incentive plans for management employees at all levels has played a critical role in recent years.

The Board of Directors recommends a vote *FOR* approval of the Performance Excellence Plan appearing at Item 2 on the accompanying proxy form.

EQUITY COMPENSATION PLAN INFORMATION

The following table presents information relating to securities authorized under equity compensation plans as of December 31, 2003.

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan category	Number of securities	Weighted-average	Number of securities remaining

	to be issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	5,930,266	$ 55.79	3,313,065
Equity compensation plans not approved by security holders	0	0	181,500
Total	5,930,266	$ 55.79	3,494,565

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The only plan reflected above that was not approved by the Company s security holders is the Key Employee Treasury Stock Ownership Plan. This plan, the terms of which are substantially similar to the Company s Omnibus Stock and Incentive Plans, was established to support the hiring and retention initiatives at key leadership positions by providing key leaders with the opportunity to receive common stock of the Company and stock option, restricted stock, and phantom stock awards to be paid from the Company s treasury stock. For more information, see the discussion of this plan in the Human Resources Committee Report on Compensation Awards above. In 2003, no awards were granted under this plan.

MISCELLANEOUS

Whirlpool will pay the expenses of the solicitation of proxies. We expect to pay fees of approximately $10,500 plus certain expenses for assistance by Georgeson Shareholder Communications Inc. in the solicitation of proxies. Proxies may be solicited by directors, officers, and employees of the Company and by Georgeson Shareholder Communications Inc. personally and by mail, telegraph, telephone, or other electronic means.

MATTERS RELATING TO AUDITORS

Representatives of Ernst & Young LLP, our auditors, are expected to be present at the annual meeting to respond to questions and may make a statement if they so desire.

FEES

The Company paid Ernst & Young the following fees (in millions):

	Year ended December 31,	
	2002	**2003**
Audit Fees	$ 3.8	$ 4.3
Audit-Related Fees	0.2	0.5
Tax Fees	4.3	3.7
All Other Fees	0.2	0.0
Total	$ 8.5	$ 8.5

Audit-related fees are principally comprised of fees for services provided in connection with employee benefit plan audits, assistance with implementation of various rules and standards promulgated pursuant to Section 404 of the Sarbanes-Oxley Act, and consultation with management as to the accounting or disclosure treatment of various transactions or events. Tax fees are principally comprised of fees for services provided in connection with worldwide tax planning and compliance services, expatriate tax services, and assistance with tax audits and appeals.

ADVANCE APPROVAL POLICY FOR INDEPENDENT AUDITOR SERVICES

Pursuant to its written charter (included in this proxy statement as Exhibit B), the Audit Committee, or a subcommittee thereof comprised of one or more independent directors, is responsible for approving in advance all audit and permitted non-audit services to be performed for the Company by its independent auditors. In recognition of this responsibility, the Audit Committee has established a policy to approve in advance all audit and permissible non-audit services provided by the Company s independent auditor. Prior to engagement of the independent auditor for the next year s audit, management or the independent auditor submits to the Audit Committee for approval an aggregate request of services expected to be rendered during that year for each of the four categories of services

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outlined in the table above. Prior to engagement, the Audit Committee approves in advance these services by category of service. The fees are budgeted and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original advance approval. In those instances, the Audit Committee requires specific approval in advance before engaging the independent auditor. The Audit Committee may delegate authority to make advance approval to one or more of its members. The member or members to whom such authority is delegated must report, for information purposes only, any such approval decisions to the Audit Committee at its next scheduled meeting. A copy of the Audit Committee Advance Approval Policy for Independent Auditor Services appears on the Company s website at www.whirlpoolcorp.com; click on the Governance tab, and then Board of Directors.

AUDIT COMMITTEE REPORT

The Audit Committee provides independent oversight of the Company s accounting functions and monitors the objectivity of the financial statements prepared under the direction of Whirlpool s management. In addition, the Committee retains the Company s independent auditors, reviews major accounting policy changes by Whirlpool, reviews and approves the scope of the annual internal and independent audit processes, approves in advance nonaudit services provided by the independent auditors, approves all audit and nonaudit service fees paid to the independent auditors, and monitors Company activities designed to assure compliance with the Company s ethical standards. The Committee is composed of five directors who have been determined by the Board of Directors to be independent and financially literate pursuant to the New York Stock Exchange listing requirements. The Committee operates under a written charter (included in this proxy statement as Exhibit B) adopted by the Company s Board of Directors.

The Committee has reviewed the audited consolidated financial statements of the Company for 2003 with management, which has represented to the Committee that these financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Committee discussed with management the quality and the acceptability of the accounting principles employed including all critical accounting policies used in the preparation of the financial statements and related notes, the reasonableness of judgments made, and the clarity of the disclosures included in the statements.

The Committee also reviewed the consolidated financial statements of the Company for 2003 with Ernst & Young, the Company s independent auditors for 2003, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States. Further, the Committee reviewed with Ernst & Young their judgments as to the quality, not just the acceptability, of the Company s accounting principles. In addition, the Committee met with Ernst & Young, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting. The Committee discussed with Ernst & Young the matters required to be discussed by Section 204 of the Sarbanes-Oxley Act of 2002 and the Statement on Auditing Standards No. 61, Communication with Audit Committees.

The Committee has received the written disclosures and the letter from Ernst & Young required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and has discussed with Ernst & Young their independence. The Committee considered the compatibility of nonaudit services provided by Ernst & Young to the Company with Ernst & Young s independence.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the consolidated financial statements

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in the Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the Securities and Exchange Commission. The Committee has selected Ernst & Young as the Company s independent auditors for 2004.

Allan D. Gilmour, Chair

Gary T. DiCamillo

James M. Kilts

Arnold G. Langbo

Janice D. Stoney

STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR 2005 MEETING

Our annual meeting of stockholders is generally held the third Tuesday in April. Assuming our 2005 annual meeting is held on that date, we must receive notice of your intention to introduce a nomination for director or other item of business at that meeting by January 19, 2005. This notice must be received by the Corporate Secretary of Whirlpool personally or by registered or certified mail and satisfy the procedures set forth in the Company s by-laws. In addition, any proposal that you intend to have us include in a proxy statement for the annual meeting of stockholders in 2005 must be received by us by November 9, 2004, and must otherwise comply with the Securities and Exchange Commission s rules, in order to be eligible for inclusion in the proxy statement and proxy form relating to this meeting.

DIRECTOR NOMINATIONS TO BE CONSIDERED BY THE BOARD

Nominations for the election of directors may be made at times other than at the annual meeting by the Board of Directors or by a stockholder entitled to vote generally in the election of directors. For a nomination to be properly made by any stockholder and be considered for recommendation by the Board to the stockholders and included in the Company s proxy statement for the 2005 annual meeting, written notice of such stockholder s nomination must be given, either by personal delivery or by registered or certified United States mail, postage prepaid, to the Corporate Secretary of the Company (and must be received by the Corporate Secretary) by November 9, 2004. Such notice shall set forth: (1) the name and address of the stockholder making the nomination and of the person to be nominated; (2) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting; (3) a description of all arrangements or understandings between the stockholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is being made by the stockholder; (4) such other information regarding the nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the then current proxy rules of the Securities and Exchange Commission; and (5) the consent of the nominee to serve as a director of the Company if so recommended by the Board and duly elected at the annual meeting by the stockholders. In order for a shareholder nomination to be included in the proxy statement, the nominee must meet the selection criteria as determined by the Corporate Governance and Nominating Committee.

Whirlpool evaluates director nominees recommended by stockholders in the same manner in which it evaluates other director nominees. Whirlpool has established through its Corporate Governance and Nominating Committee selection criteria that identify desirable skills and experience for prospective Board members, including those properly nominated by stockholders, and address the issues of diversity and background. The Board, with the assistance of the Corporate Governance and Nominating Committee, selects potential new Board members using the criteria and priorities established from time to time. Desired personal qualifications for potential director nominees include: intelligence, integrity, strength of character, and sense of timing required to assess and challenge the way things are done and recommend alternative solutions to problems; the independence necessary to

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make an unbiased evaluation of management performance and effectively carry out responsibilities of oversight; an awareness of both the business and social environment in which today s corporation operates; and commitment and a sense of urgency and spirit of cooperation that will enable them to interface with other Board members in directing the future, profitable growth of the Company. Desired experience qualifications for potential director nominees include: at least ten years of experience in a senior executive role with a major business organization and, preferably, be either Chief Executive Officer or Chairman (equivalent relevant experience from other backgrounds such as academic or government, as well as higher potential senior level business executives, may also be considered); proven records of accomplishment and line operating (or equivalent) experience; first-hand experience with international operations; a working knowledge of corporate governance issues and the changing role of the board of directors; exposure to the numerous programs a corporation employs relative to creating shareholder value, while balancing the needs of all stakeholders; and not be employed by or affiliated with organizations that have competitive lines of business or other conflicts of interest. The composition, skills, and needs of the Board change over time and will be considered in establishing the desirable profile of candidates for any specific opening on the Board of Directors.

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EXHIBIT A

WHIRLPOOL CORPORATION

PERFORMANCE EXCELLENCE PLAN

ARTICLE 1

GENERAL

1.1 ESTABLISHMENT OF THE PLAN:

Whirlpool Corporation, a Delaware corporation, hereby adopts this Plan, which shall be known as the WHIRLPOOL CORPORATION PERFORMANCE EXCELLENCE PLAN (the Plan).

1.2 PURPOSE:

The purpose of the Plan is to attract and retain the best possible employee talent and to motivate employees to focus attention on shareholder value, drive performance in support of this goal and other business goals, and reward company and individual performance.

1.3 ADMINISTRATION:

(a) The Committee (as defined in Section 2.1) shall administer the Plan. Subject to the Committee s approval, the Chief Executive Officer of the Company may assist in, and make recommendations regarding, the administration of the Plan. The Senior Vice President Global Human Resources will be responsible for the day-to-day administration of the Plan following administrative guidelines approved from time-to-time by the Committee.

(b) Subject to the limitations of the Plan, the Committee shall, based on recommendations by the Chief Executive Officer: (i) select from the Employees of the Company, those who shall participate in the Plan; (ii) make awards in such forms and amounts as it shall determine; (iii) impose such limitations, restrictions, and conditions upon such awards as it shall deem appropriate; (iv) interpret the Plan and adopt, amend, and rescind administrative guidelines and other rules and regulations relating to the Plan; (v) correct any defect or omission or reconcile any inconsistency in the Plan or in any award granted hereunder; and (vi) make all other necessary determinations and take all other actions necessary or advisable for the implementation and administration of the Plan. The Committee s determinations on matters within its authority shall be conclusive and binding upon the Company and all other persons.

(c) All expenses associated with the Plan shall be borne by the Company subject to such allocation to its subsidiaries and operating units as it deems appropriate.

ARTICLE II

DEFINITIONS

2.1 DEFINITIONS:

Whenever used herein, the following terms shall have the meaning set forth below, unless otherwise expressly provided. Certain terms which only apply to Article IX are defined in Article IX.

(a) Except as provided in Article IX, Base Salary shall mean the regular salary actually paid during a Plan Year to a Participant. Regular salary shall include any salary reduction contributions made to the Company s 401(k) plan or other deferred compensation plans, but shall be exclusive of any awards under this Plan and of any other bonuses, incentive pay, or special awards.

(b) Board shall mean the Board of Directors of Whirlpool Corporation.

(c) Committee shall mean the Human Resources Committee of the Board or such other Committee as is designated by the Board, which shall consist of five members of the Board who are not officers or employees of the Company and who are outside directors as required by and within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The Board shall appoint the members of the Committee and fill any vacancy on the Committee.

(d) Company shall mean Whirlpool Corporation and its Subsidiaries.

(e) Corporate shall mean relating to Whirlpool Corporation.

(f) Employee shall mean a regular employee of the Company who is in a position of meeting the defined eligibility criteria for participation in the Plan, as stated in Section 3.1.

(g) Executive Officers shall mean the Chief Executive Officer, the President, and any Executive or Senior Vice President designated by the Committee.

(h) Final Award shall mean the award earned by a Participant based on a comparison of actual year-end results against the performance goals established for the Plan Year.

(i) Individual Performance Multiplier shall mean the factor associated with the performance rating assigned to an Employee as part of the Performance Management Process or other method(s) of adjustments intended to recognize individual performance.

(j) Noncorporate shall mean a specified segment of Whirlpool s operations designated as such by the Chief Executive Officer and approved by the Committee for purposes of the Plan, such as a business unit, division, product line, or other such segmentation.

(k) Participant shall mean an Employee who is approved by the Committee for participation in the Plan for a specified Plan Year and an Executive Officer as defined above.

(l) Performance Management Process shall mean the Company s process for managing individual performance.

(m) Plan Year shall mean the Company s fiscal year.

(n) Target Award shall mean the award to be paid to a Participant for meeting planned performance results.

(o) Target Award Percentage shall mean the percentage of a Participant s Base Salary used in the calculation of the Target Award.

2.2 GENDER AND NUMBER:

Except when otherwise indicated by the context, words in the masculine gender, when used in the Plan, shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

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ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 ELIGIBILITY AND PARTICIPATION:

Eligibility for participation in the Plan shall be limited to Employees of the Company. Except with respect to the Chief Executive Officer, participation in the Plan shall be based upon recommendations by the Chief Executive Officer, subject to the approval of the Committee, from the Employees eligible for the Plan. The Chief Executive Officer and the President shall automatically participate in the Plan.

3.2 PARTIAL PLAN YEAR PARTICIPATION:

Except as provided in Article IX, an Employee who becomes eligible after the beginning of a Plan Year may participate in the Plan for that Plan Year. Such situations may include, but are not limited to (i) new hires, (ii) when an Employee is promoted from a position that did not meet the eligibility criteria, or (iii) when an Employee is transferred from an affiliate that does not participate in the Plan.

ARTICLE IV

INDIVIDUAL AWARDS

4.1 COMPONENTS OF INDIVIDUAL AWARDS:

(a) Except as provided in Article IX, individual awards shall be based on (i) the Participant s Target Award and (ii) Corporate and/or Noncorporate performance. In addition, individual performance will be a component of individual awards if approved by the Committee.

(b) Except as provided in Article IX, for each Plan Year, the Chief Executive Officer shall recommend, subject to the approval of the Committee, the Target Award Percentages and performance goals for that Plan Year.

4.2 FINAL AWARD DETERMINATIONS:

At the end of each Plan Year, Final Awards shall be computed for each Participant. Participants must be actively employed by the Company on the last day of the Plan Year to receive an award for that Plan Year, except as provided in Sections 8.1 and 10.1.

4.3 LIMITATIONS:

The amount payable to a Participant for any calendar year shall not exceed $3,000,000.

ARTICLE V

TARGET AWARDS

5.1 ESTABLISHING TARGET AWARD PERCENTAGES:

Except with respect to the Chief Executive Officer, the Chief Executive Officer shall recommend, subject to the approval of the Committee, the Target Award percentage for each job, which will be based on the salary level for that job in most cases. The Committee shall establish the Target Award Percentage for the Chief Executive Officer. Target Award Percentages shall reflect the Participant s job responsibilities and opportunity and authority to affect overall financial results.

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5.2 MID-YEAR CHANGE IN TARGET AWARD PERCENTAGES:

Except as provided in Article IX, a Participant whose Target Award is changed during the Plan Year shall receive a Final Award based on the amount of Base Salary actually earned while in each Target Award category during the Plan Year.

ARTICLE VI

PERFORMANCE COMPONENTS

6.1 PERFORMANCE MEASURES AND GOALS:

(a) Performance shall be measured based on Corporate and/or Noncorporate (if appropriate) results and, if authorized by the Committee, individual performance. If authorized by the Committee, individual performance goals shall be set during the Company s Performance Management Process.

(b) The Chief Executive Officer shall recommend, subject to the approval of the Committee, the process for measuring Corporate and Noncorporate performance. Such recommendation shall include:

(1) Organizational level of performance measurement, e.g., Corporate, business unit, division, product line, or another level, either singly or in combination;

(2) Specific measures of performance for each organizational level; and

(3) Specific performance goals for each organizational level.

(c) For each Plan year, the Chief Executive Officer shall recommend, subject to the approval of the Committee, a range of performance goals for Corporate and/or Noncorporate results and the Individual Performance Multipliers. Each performance range and the range of Individual Performance Multipliers shall include a level of performance at which one hundred percent (100%) of the Target Award shall be earned. In addition, each range shall include levels of performance above and below the 100% performance level.

6.2 PERFORMANCE BY ORGANIZATION LEVEL:

(a) For Participants at the Corporate level, performance shall be measured on overall Company results. For other Participants, performance shall be measured on Corporate and/or applicable Noncorporate results as authorized by the Committee.

(b) The performance measures to be used shall be chosen from among the following: return on equity, return on assets, or return on net assets. Return on equity will be calculated as the ratio of profit to average shareholder equity. Profit refers to earnings from continuing operations before accounting changes. Average shareholder equity refers to the sum of shareholder equity at the beginning and end of the year, divided by two. Return on assets will be calculated as net operating earnings after-tax divided by average monthly net assets. Net earnings refers to total revenues less total expenses, on an after-tax basis. Performance measures need not be the same within the Company.

(c) The Committee, in its sole discretion, may select among the performance measures specified in this Section 6.2 from Plan Year to Plan Year. However the Committee may approve performance measures that are not necessarily specified in this Section 6.2 without obtaining shareholder approval of such measures in the case of performance measures applicable only to Employees who are not Executive Officers.

6.3 ADJUSTMENT OF PERFORMANCE GOALS:

(a) Once established, performance goals normally shall not be changed during the Plan Year. However, except as provided in Article IX, if the Chief Executive Officer determines that external changes or other unanticipated business conditions have materially affected the fairness of the goals, then the Chief Executive Officer may recommend and the Committee may approve appropriate adjustments to the performance goals (either up or down) during the Plan Year.

(b) Normally, Participants shall not receive any payout when the Corporate or Noncorporate segment (if applicable) do not achieve at least minimum performance goals. However, except as provided in Article IX, if the Corporate or Noncorporate segment (if applicable) do not achieve the minimum performance goals, the Chief Executive Officer may recommend, subject to the approval of the Committee, payment of awards on a discretionary basis.

(c) Further, except as provided in Article IX, the Chief Executive Officer may recommend, subject to the approval of the Committee, an adjustment of the performance goals in the event of a Plan Year consisting of less than twelve (12) months.

6.4 INDIVIDUAL PERFORMANCE:

Individual performance shall be reflected in the Final Award based on the performance rating assigned to an Employee as part of the Performance Management Process if the Committee establishes individual performance as part of the performance criteria for an award. However, individual performance will not be considered in the Final Award earned by Executive Officers under Article IX.

ARTICLE VII

PAYMENT OF FINAL AWARDS

7.1 TIMING AND FORM OF PAYMENT:

(a) At the end of each Plan Year, the Chief Executive Officer shall report the overall Corporate and Noncorporate performance levels to the Committee, which shall certify in writing the extent to which the performance goals specified pursuant to Section 6.2 have been satisfied and approve the payment of Final Awards. Payment of Final Awards shall be made as soon as administratively feasible following the release of the Company s audited financial results.

(b) Payments shall be made in cash in a lump sum.

7.2 DEFERRAL OF PAYMENTS:

(a) The Chief Executive Officer may recommend Participants who may elect to defer all or a portion of their performance award, subject to the approval of the Committee. Elections to defer shall be made no later than deemed advisable by the Company s tax counsel. All deferred amounts will be subject to such terms and conditions, and shall accrue such yield thereon as the Chief Executive Officer may from time to time establish, subject to the approval of the Committee.

(b) The Participant may, with the approval of the Committee, elect to receive payment of deferred amounts and any yield thereon, either before or after retirement, in a lump sum or in installments. Upon the death of a Participant, a lump sum payment shall be made to the Participant s designated beneficiary (pursuant to Section 11.5) unless otherwise expressly elected by the Participant.

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ARTICLE VIII

TERMINATION OF EMPLOYMENT

8.1 TERMINATION OF EMPLOYMENT DUE TO DEATH, DISABILITY, RETIREMENT, REDUCTION-IN-FORCE, OR TRANSFER TO AFFILIATE NOT INCLUDED IN PLAN:

(a) If a Participant s employment is terminated by reason of death, total and permanent disability, retirement, reduction-in-force, or a Participant is transferred to an affiliate that does not participate in the Plan, the Participant s Final Award shall be based on (i) Participant s actual Base Salary paid through the date of termination, (ii) Participant s Target Award Percentage, (iii) Corporate/Noncorporate performance as measured at the end of the Plan Year, and (iv) if authorized by the Committee, individual performance as determined under the Performance Management Process. The Final Award shall be paid in accordance with Article VII.

(b) Total and permanent disability shall mean Disability as defined in the Whirlpool Employees Pension Plan, and retirement shall mean a Participant s termination of employment after his or her Early Retirement Age or Normal Retirement Age as set forth in the Part II Supplement to the Whirlpool Employees Pension Plan for the Salaried Employees Participating Group. Reduction-in-force shall have the meaning as defined in the Whirlpool Corporation Personnel Policy Manual.

8.2 TERMINATION FOR ANY OTHER REASON:

Except for terminations listed in Section 8.1 or a termination due to a Change in Control as defined in Section 10.2, in the event a Participant s employment is terminated for any other reason including voluntary and involuntary termination, the Participant shall not be entitled to an award for the Plan Year in which the termination occurs. However, the Chief Executive Officer may recommend and the Committee approve an award for the Plan Year in which a Participant s termination occurs. Any Employee who would otherwise be eligible for an award pursuant to a completed Plan Year shall not be entitled to any payment under that award, and shall be required to repay the Company any payment of such award, if the Employee is terminated by or otherwise leaves employment with the Company within two years following completion of the Plan Year and such severance of employment arises out, is due to, or is in any way connected with any misconduct or violation of Company policy, subsequent employment with a competitor within the two year period, or for any other reason considered by the Committee in its sole discretion to be detrimental to the Company or its interests.

ARTICLE IX

EXECUTIVE OFFICERS

9.1 APPLICABILITY OF ARTICLE IX:

The provisions of this Article IX shall apply only to Executive Officers. In the event of any inconsistencies between this Article IX and the other Plan provisions, the provisions of this Article IX shall control.

9.2 DEFINITION APPLICABLE TO ARTICLE IX ONLY:

For purposes of this Article IX only, Base Salary shall mean as to any Plan Year a Participant s actual regular salary rate as of the first day of the Plan Year. Regular salary shall include any salary reduction contributions made to the Company s Internal Revenue Code Section 401(k) Plan or other deferred compensation plans, but shall be exclusive of any awards under this Plan and of any other bonuses, incentive pay, or special awards.

9.3 NO PARTIAL PLAN YEAR PARTICIPANT:

An Executive Officer who becomes eligible after the beginning of a Plan Year may participate in the Plan for the succeeding Plan Year, unless approved by the Committee for participation in the Current Plan Year.

9.4 COMPONENTS OF INDIVIDUAL AWARDS:

(a) Each individual award shall be based on (i) the Participant s Target Award and (ii) Corporate and/or Noncorporate performance goals approved by the Committee.

(b) The Committee shall determine the Target Award Percentages and performance goals for the Plan Year no later than 80 days after the beginning of the Plan Year.

9.5 NO MID-YEAR CHANGE IN TARGET AWARD PERCENTAGES:

Each Participant s Final Award shall be based on the Target Award category as of the first day of the Plan Year.

9.6 NONADJUSTMENT OF PERFORMANCE GOALS:

Once established, performance goals normally shall not be changed during the Plan Year. Participants shall not receive any payout when Corporate or Noncorporate performance does not achieve at least minimum performance levels established by the Committee.

9.7 INDIVIDUAL PERFORMANCE AND DISCRETIONARY ADJUSTMENTS:

Individual performance shall not be reflected in the Final Award. However, the Committee retains the discretion to decrease or eliminate the amount of the Final Award otherwise payable to a Participant.

9.8 POSSIBLE MODIFICATION:

If, on advice of the Company s tax counsel, the Committee determines that Code Section 162(m) and the regulations thereunder will not adversely affect the deductibility for federal income tax purposes of any amount paid under the Plan by applying one or more of Sections 2.1(a), 2.1(g), 3.2, 4.1, 5.2, or 6.3 to any Executive Officer without regard to the exceptions to such Section or Sections contained in this Article IX, then the Committee may, in its sole discretion, apply such Section or Sections to the Executive Officer without regard to the exceptions to such Section or Sections that are contained in this Article IX.

ARTICLE X

CHANGE IN CONTROL

10.1 CHANGE IN CONTROL:

(a) In the event of a Change in Control of Whirlpool Corporation, as defined below, a Participant who is an Employee as of the date of the Change in Control shall be entitled to, for the Plan Year in which the Change in Control occurs, the greater of:

(1) The Final Award determined using:

(A) The Participant s actual Base Salary rate in effect on the date of the Change in Control;

(B) The Participant s Target Award Percentage;

(C) Actual Corporate and Noncorporate (if applicable) performance results to the date of the Change in Control; and

(D) The greater of the Participant s Individual Performance Multiplier (if applicable) or 1.0; or

(2) The Participant s Target Award Percentage times his actual Base Salary rate in effect on the date of the Change in Control.

(b) The Committee as constituted immediately prior to the Change in Control shall determine how actual Corporate and Noncorporate performance should be measured for purposes of the Final Award calculation in 10.1(a). The Committee s determination shall be conclusive and final.

(c) Final Awards shall be paid in cash to the Participant as soon as administratively possible but no later than 30 days following a Change in Control.

10.2 DEFINITION OF CHANGE IN CONTROL:

A Change in Control shall be defined as set forth in Section 10.6(d) of the Whirlpool Employees Pension Plan, as amended.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 NONTRANSFERABILITY:

No right or interest of any Participant in this Plan shall be assignable or transferable, or subject to any lien, directly, by operation of law or otherwise, including execution, levy, garnishment, attachment, pledge, and bankruptcy.

11.2 TAX WITHHOLDING:

The Company shall have the right to deduct from all payments under this Plan any foreign, federal, state, or local taxes required by law to be withheld with respect to such payments.

11.3 AMENDMENTS:

The Company, in its absolute discretion, without notice, at any time and from time to time, may modify or amend, in whole or in part, any or all of the provisions of this Plan, or suspend or terminate it entirely; provided, that no such modification, amendment, suspension, or termination may reduce the rights of a Participant (or his beneficiary as the case may be) to a payment or distribution in accordance with the provisions contained in this Plan or change to the detriment of a Participant any potential rights in that Plan Year created pursuant to Section 10.1 of this Plan.

11.4 INDEMNIFICATION:

Each person who is or shall have been a member of the Committee or the Board or who is or shall have been an Employee of the Company shall be indemnified and held harmless by the Company. This indemnification and hold harmless provision shall be against and from any loss, cost, liability, or expense, including, without limitation, fees and expenses of legal counsel, that may have been imposed upon or reasonably incurred by him in connection with or resulting from any claim, action,

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suit, or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under the Plan. In addition this indemnification and hold harmless provision shall be against and from any and all amounts paid by him in settlement thereof with the Company s approval, or paid by him in satisfaction of any judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. This indemnification and hold harmless right shall not be exclusive of any other rights of indemnification that the person may be entitled under the Company s Certificate of Incorporation or by-laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify him or hold him harmless.

11.5 BENEFICIARY DESIGNATION:

(a) Each Participant under the Plan may name, from time to time, any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his death before he receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during his lifetime. In the absence of any such designation, or if the designated beneficiary is no longer living, benefits shall be paid to the surviving member(s) of the following classes of beneficiaries, with preference for classes in the order listed below:

(1) Participant s spouse (unless the parties were divorced or legally separated by court decree);

(2) Participant s children (including children by adoption);

(3) Participant s parents (including parents by adoption); or

(4) Participant s executor or administrator.

(b) Payment of benefits, in accordance with Section 8.1, shall be made exclusively to the member(s) of the first class, in the order listed above, which has surviving member(s). If that class has more than one member, benefit payments shall be made in equal shares among members of that class.

11.6 RIGHTS OF PARTICIPANTS:

Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate or change a Participant s employment at any time; nor does the Plan confer upon any Participant any right to continue as an employee of the Company for any period of time or to continue his present or any other rate of compensation. No Participant in a previous Plan Year, or other Employee at any time, shall have a right to be selected for participation in a current or future Plan Year.

11.7 GOVERNING LAW:

The Plan shall be construed in accordance with and governed by the laws of the State of Michigan.

11.8 EFFECTIVE DATE:

The Plan shall remain effective through December 31, 2008.

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EXHIBIT B

WHIRLPOOL CORPORATION

BOARD OF DIRECTORS

AUDIT COMMITTEE CHARTER

Approved 12/16/03

I. PURPOSE To fulfill responsibilities to the Company s shareholders, potential shareholders, and the investment community, the Audit Committee will provide independent and objective oversight of the Company s accounting functions and internal controls and will monitor the objectivity of the Company s financial statements. The Committee will assist Board oversight of (1) the integrity of the Company s financial statements, (2) the Company s compliance with legal and regulatory requirements, (3) the independent auditor s qualifications and independence, and (4) the performance of the Company s internal audit function and independent auditors. In addition, the Committee will prepare all the Committee reports required under the law and will provide an open avenue of communication between the financial management, internal auditors, independent auditors, and the Board of Directors.

II. COMMITTEE MEMBERS The Committee shall be composed of at least three but not more than five Directors appointed by the Board of Directors. Committee members shall not be officers or employees of the Company or one of its subsidiaries and shall, in the opinion of the Board, meet the independence and financial experience and financial literacy and expertise requirements of the New York Stock Exchange and/or relevant law. Under these requirements, each member of the Committee shall be free from any relationship that would interfere with the exercise of independent judgment as a Committee member. All members of the Committee shall have an understanding of basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management experience. Committee members shall not simultaneously serve on the audit committees of more than three public companies (including the Company).

III. COMMITTEE MEETINGS The Committee shall meet at least four times a year, or more frequently as appropriate. The Committee shall meet with management, internal audit, and the independent auditors in separate executive sessions to discuss matters privately. All meetings shall be conducted pursuant to the applicable provisions of the Company s by-laws. Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate briefing materials. Minutes of meetings will be prepared and the Committee will report to the Board the results of its meetings. The Committee may form one or more sub-committees, each of which may take such actions as may be delegated by the Committee.

IV. DUTIES and RESPONSIBILITIES While the Committee has the responsibilities and powers set forth in the Company s by-laws and this charter, the Committee does not have the duty to plan or conduct audits or to determine that the Company s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. However, the Committee does have the following duties and responsibilities in addition to any similar matter that may be referred to the Committee from time to time by the full Board, the Chairman, or which the Committee raises on its own initiative:

1. Review and approve in advance the annual audit and its scope for the Company and its wholly-owned or majority-owned subsidiaries; monitor the annual audit and its scope for affiliates; and review the annual audit results with respect to (a) the Company s financial statements, including appropriately addressing risks related to litigation, foreign exchange,

taxes, contingent liabilities, and similar matters, and (b) the Company s internal controls, including electronic data processing controls, and the extent to which such controls are evaluated by the independent auditors for adequacy and protection.

2. Review and discuss the annual audited financial statements and quarterly financial statements and related reports with management and independent auditors, including the Company s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations, to monitor adequacy of disclosure. The Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies with management and the independent auditors prior to the release of earnings as appropriate. The Committee s discussion of earnings releases as well as financial information and earnings guidance may be general (i.e., discussion of the types of information to be disclosed and the type of presentations to be made). The Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

3. Review the independent auditors management letter and recommendations (or any audit problems, difficulties, or disagreements) and management s response.

4. Retain and terminate the Company s independent auditors and exercise the Committee s sole authority to review and approve all audit engagement fees and terms and approve in advance the nature, extent, and cost of all non-audit services provided by independent auditors in accordance with relevant NYSE listing rules and law.

5. Obtain and review a report by the independent auditors describing the auditor s internal quality control procedures and all material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and all steps to deal with such issues.

6. Review, evaluate, and discuss with the independent auditor all relationships between the independent auditor and the Company to assess the auditor s independence. Review and evaluate the lead partner of the independent auditor, assure regular rotation of the lead partner as required by law, and consider whether there should be regular rotation of the audit firm itself. Present its conclusions with respect to the independent auditor to the full Board.

7. Review major accounting policy changes adopted by the Company. Maintain current knowledge on major new or proposed technical requirements, regulations, or legislation affecting the Company.

8. Review codes of conduct and management reports on employee compliance, including compliance with the Foreign Corrupt Practices Act, to guard against significant conflicts of interest and dishonest, unethical, or illegal activities. Monitor Company activities that are designed to assure compliance with such codes and review management findings involving significant lapses of ethical conduct, fraud, or criminal conduct.

9. Review with management situations where new activities, major changes in operations, or other developments may create significant financial exposure for the Company. Review policies and guidelines with respect to risk assessment and risk management, including management reports on the Company s processes to manage and report risks related to litigation, foreign exchange, taxes, contingent liabilities, and similar matters that may constitute significant financial risk exposures.

10. Review activities of the Company s internal audit function, audit plans, procedures and results, and coordination with independent auditors. Regularly review the continued overall effectiveness of the internal audit function as required under relevant NYSE listing rules and law.

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11. Annually review the Committee s charter and operations and recommend any proposed changes to the Board for its approval. Prepare any reports required under relevant NYSE listing rules and law.

12. Set an appropriate hiring policy for employees or former employees of the independent auditor with due regard for the continuing independence of the independent auditor.

13. Establish and maintain procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls, and auditing matters, and (b) the confidential and anonymous submission by employees of the company of concerns with questionable accounting or auditing matters in accordance with relevant NYSE listing rules and law.

14. Annually prepare and cause to be filed in the Company s annual proxy statement a report to stockholders as may required by the Securities and Exchange Commission.

15. The Committee may conduct or authorize investigations into any matters within the Committee s scope of responsibilities and, in connection therewith, may retain independent counsel, accountants, or others to assist it.

16. Make regular reports to the Board and evaluate annually its performance in accordance with relevant NYSE listing rules and law.

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WHIRLPOOL CORPORATION

FINANCIAL SUPPLEMENT

TO 2003 ANNUAL REPORT ON FORM 10-K, AND

TO 2004 PROXY STATEMENT

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

EXECUTIVE LEVEL OVERVIEW

Whirlpool Corporation is the largest global manufacturer of major appliances worldwide with 2003 revenues of $12.2 billion and net earnings of $414 million. The Company s four reportable segments are based on geography and consist of North America (64% of revenue), Europe (22% of revenue), Latin America (11% of revenue), and Asia (3% of revenue). The Company is the market share leader in North America and Latin America and has significant market presence in Europe, India and China. Whirlpool s brands and operations worldwide have received well-deserved recognition for accomplishments in a variety of business and social efforts, including energy efficiency leadership, community involvement, support of women s issues, and excellence in design, to name a few.

The Company s growth strategy over the past several years has been to introduce innovative new products, continue to expand its global footprint, add or enhance distribution channels and evaluate potential acquisitions which enhance the Company s innovative global product offering.

The Company monitors country economic factors such as gross domestic product, consumer interest rates, consumer confidence, housing starts, existing home sales and mortgage refinancing as key indicators of industry demand. Management also focuses on country, brand, product and channel market share, average sales values, and profitability when assessing and forecasting financial results. The Company also focuses on total cost productivity, which includes material and conversion costs, as it continues to reduce its total global costs to operate the business and fund future growth.

The Company has, and will continue to evaluate its global operating platform to strengthen Whirlpool s brand leadership position in the global appliance industry. The Company plans to continue its comprehensive worldwide effort to optimize its regional manufacturing facilities, supply base, product platforms and technology resources to better support its global brands and customers.

Management s Discussion and Analysis discusses the results of operations, cash flow, financial condition and liquidity, contractual obligations and cash requirements, other matters, critical accounting policies and estimates, new accounting pronouncements, market risk and forward-looking statements.

Included within the results of operations and financial condition and liquidity section is management s forward-looking perspective. In addition, the Company has included comments regarding regional business unit performance, where appropriate.

RESULTS OF OPERATIONS

The consolidated statements of operations summarize operating results for the last three years. This section of Management s Discussion and Analysis highlights the main factors affecting changes in the Company s financial condition and results of operations and should be read along with the Consolidated Financial Statements.

NET SALES

The total number of units sold in 2003 increased 5.6% over 2002. Consolidated net sales increased 10.5% over 2002, which includes a positive impact from currency fluctuations. Excluding currency impact, net sales increased approximately 7%. Excluding currency fluctuations and the acquisitions of Vitromatic (Whirlpool Mexico) and Polar, as described in Note 4 to the Consolidated Financial Statements, the total number of units and dollars sold increased approximately 4% and 5%,

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

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