

VISION

Battling Back in a Competitive European Market

break-up of Tube

The legislation to push through a sell-off would not be passed until at least 1999, making the sale unlikely before 2001. Ministers concede that the system cannot be allowed to crumble over the next three years and say that investment is a priority.

The Price Waterhouse report, which ministers ordered to be completed urgently in July, is understood to favour giving separate companies ownership both of infrastructure and operation on several lines, although the network would remain under the London Underground corporate

identity. Mr Prescott says that the Treasury is "sympathetically" looking at a single payment of \$1 billion next year to kick-start the investment program. A subsidy to help ground as it faces the Jubilee Line extension will be offset partly by parking and mooring charges. Mr Prescott says he will quickly after the business that is any proposal for a stake in the big investment by the billion. Rail

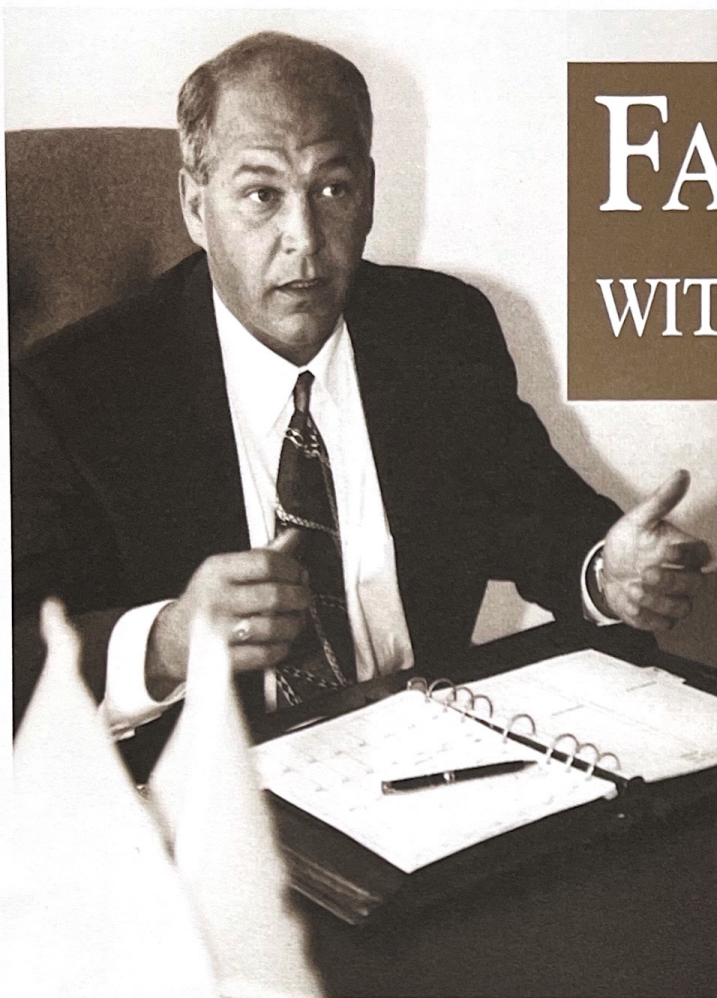
Mr Prescott quickly after a business that is any proposal stake in the billion investment billion. Rail



MEET
with
from
US and
Austral
BY CARL M.

MEPC, the group, plans to open United States lia-

FACE TO FACE WITH JEFF FETTIG



Vision: Whirlpool Europe has made a dramatic shift in its performance this year compared to 1996. What has accounted for the change?

Fettig: No question, our performance this year has improved significantly over last year. The business environment for both years has been tough with flat economic growth, declining consumer confidence and wide currency fluctuations. We also encountered substantial material cost increases dating back to 1995. These conditions have affected all businesses, but have hit consumer durable goods particularly hard. While coping with this environment, the major domestic-appliance industry has also had to deal with excess capacity.

What resulted was a fundamental change in the

We have drastically reduced our product costs, controlled selling, general and administrative (SG&A) spending and are executing much better in the marketplace.

Our improved execution has also helped us gain new customers. We recently secured an exclusive contract to supply Ikea, one of Europe's leading retailers. After years of hard work, we also began selling to Curry's, the United Kingdom's largest retailer. Both accounts will contribute significantly to our growth plans for the future.

profitability of our industry. At the same time, we have faced challenges within the company, particularly in delivering the major renewal of our product line on schedule and with the projected cost savings. Even without all the external pressures, this was a significant undertaking that tested the organization.

Given all these factors, 1996 was very disappointing in terms of our European results. From an external standpoint, 1997 hasn't been much better. The difference is that we have

adjusted and made the needed changes to succeed in this environment. We have drastically reduced our product costs, controlled selling, general and administrative (SG&A) spending and are executing much better in the marketplace.

Our improved execution has also helped us gain new customers. We recently secured an exclusive contract to supply Ikea, one of Europe's leading retailers.

After years of hard work, we also began selling to Curry's, the United Kingdom's largest retailer. Both accounts will contribute significantly to our growth plans for the future.

In sum, we have been meeting commitments and improving every month since October 1996. This performance also sets us up well for the year ahead.

Vision: Given the difficult environment, have you focused more on containing costs or on building the business?

Fettig: We've done both. We've set goals to increase revenues and improve our market margins on the growth side. On the cost side, we're exceeding our goals for net cost productivity. At the same time, we are finding ways to improve our overall competitiveness by reducing our basic overhead expenses. What's important is balancing profitable growth and cost reduction—something we've done well in 1997 and will continue to pursue as we enter 1998.

Vision: What are the prospects for the year ahead?

Fettig: From an economic standpoint, forecasts suggest that growth will continue to be relatively low in Western Europe and somewhat higher in Central and Eastern Europe, where we have a strong presence. Our own performance should continue to improve as we build on what we've achieved this year. For example, our new products continue to gain acceptance in the marketplace, and we will be adding new models. Our quality is improving, helping to reduce





our warranty expense. We're also putting in place a number of actions to improve our competitiveness. As a result, we expect another year of substantial improvement.

We want to lead our industry in the value we create for all our stakeholders. So, as difficult as some of the changes we need to make may be, they are essential if we are to compete effectively as we approach and enter the next century.

Vision: *These are actions relating to the major corporate announcement in mid-September? What impact has the announcement had on the organization?*

Fettig: At this point, the impact has been minimal because we are still involved in the decision-making process for specific actions to be taken in each of our markets and across all functions in 1998 and 1999. Most European countries specify a particular process or procedures for arriving at and then announcing these decisions.

I believe our people understand the competitive reality of the European markets—they

see it in actions being taken by other companies and trade partners every day. Within our industry all our competitors, including AB Electrolux, Bosch-Siemens, Merloni and Brandt, are restructuring or looking for ways to improve their profitability.

In fact, Europe as a region is coming to grips with having to improve its competitiveness within the global arena for its long-term survival. That is one of the reasons the European Union is moving aggressively to put a common currency, the Euro, in place by 2000.

As far as Whirlpool is concerned, we want to lead our industry in the value we create for all our stakeholders. So, as difficult as some of the changes we need to make may be, they are essential if we are to compete effectively as we approach and enter the next century. About half of Whirlpool's global restructuring charge is targeted for European actions. This will not come without difficult change. Until this change is fully defined, many of our people understandably are anxious about what it will mean to them personally.

Vision Taking on New Look

Content to be More Business Focused

A redesigned Vision will debut in 1998 under a communication plan to improve the publication's content and reduce costs. The new design, the first major change in five years for Vision, transforms the magazine to a bimonthly, six-page newsletter. It will focus more closely on Whirlpool's business strategy and the major-appliance market and industry. A project team of division and corporate communicators recommended the changes.

The redesign effort stems from communications-improvement work that began early this year, including a survey that identified the types of information Whirlpool people said interested them the most. In the survey of several company functions, including manufacturing, people noted the importance of learning more about Whirlpool's business

and goals. People also expressed a desire to find out more about the appliance market, industry trends, customers and employee benefits.

In addition to the bimonthly publication schedule of January, March, May, July, September and November, a single-page Vision supplement, called Vision Extra, will be created electronically each of the remaining months and submitted to North American manufacturing divisions and other company business regions for use in internal newsletters. The supplement will also be part of Whirlpool Online, the company's intranet communication tool.

Project team members who led the redesign said readers can expect much stronger company-related global content in Vision. The new format will cut production costs about 50 percent.

Vision: *When will people know their status?*

Fettig: We'll be communicating to our people country by country, as decisions are made. We expect much of this can happen by year-end, although it may extend into the first months of the new year in some areas.

Vision: *Europe is known for its great cultural diversity in a relatively small geographical area. How have people reacted to Whirlpool's implementation of a high-performance company culture?*

Fettig: If you've ever driven several hundred kilometers or miles in Europe you've probably been struck by the incredible diversity that exists not only between different countries, but

even within countries. National and cultural diversity is part of life here. As our people have understood the difference between their personal culture and a company culture, they have responded very favorably—and, in fact, strongly endorse the need for a unique "Whirlpool" company culture. Our high-performance culture (HPC) workshops have consistently been rating an average of 4 points on a 5-point scale. The challenge before us—the test of HPC itself—is in consistently living the values and behaviors in all that we do.

Certainly the "spirit of winning" is alive and growing in Europe these days. You can see it in people's faces, and you can see it in our performance.



A Strong Partnership Made Stronger

Note: Following are interviews with H. Miguel Etchenique, newest member of Whirlpool Corp.'s board of directors and chairman and chief executive officer of Brasmotor S.A., and Dave Whitwam, Whirlpool's chairman and chief executive officer. The interviews appeared in Brasmotor's employee publication after the September announcement that Whirlpool would acquire a majority interest in Brasmotor.

Brasmotor: What is the Brasmotor Group's focus for the next three years?

Etchenique: The company will maintain its focus on white-line appliances and components. From the point of view of the relationship between Brasmotor and Whirlpool, there will be greater synergy in the areas of financial planning, manufacturing processes and product development. The partnership will also drive global sourcing and allow for greater mobility of human resources. Regarding the marketing strategies and brand management of our products, everything should continue as planned.

Brasmotor: How would you define the 40-year partnership with Whirlpool?

Etchenique: I would define it as a unique experience between two organizations with strong national and regional characteristics. It is interesting to observe that, gradually, both companies reached strong positions in the international market, without altering the relationship they have shared for so many years. The partnership kept itself strengthened by the ethical

principles on both sides and by the mutual respect between the top management of Whirlpool and Brasmotor.

Brasmotor: How did you interpret the invitation to be on the board of directors for Whirlpool Corporation?

Etchenique: With much pride. The invitation represents the recognition, on the part of Whirlpool, of 40 years of dedication toward the maintenance of the partnership and keeping the companies united and focused on similar objectives. It is my expectation to be able to contribute my experience, which has been acquired in market scenarios different from those in the U.S.

few differences that exist derive from legislation and the economic environment of each country where the companies operate. In terms of similarities, I would say the main points of convergence are the Vision and the Values inherent to the culture of both organizations.

Brasmotor: What is your message to the 20,000 people of the Brasmotor Group?

Etchenique: I want to convey to them great optimism. I believe this new phase in the partnership with Whirlpool brings forth all the conditions required to further increase our presence in both domestic and international markets. Certainly, this latest

years, in fact. This is really a very natural progression and the next step in the partnership. The opportunity for Whirlpool to increase its position presented itself and it's one we were very pleased and happy to proceed with. This is a very deep and long strategic partnership and one that has been built through many years. It's based on trust and a great deal of respect for our companies and our people.

Brasmotor: In your opinion what are the main cultural differences between Brasmotor and Whirlpool, and what do the companies have in common?

Whitwam: The strength of Whirlpool and Brasmotor is that we do the same thing every day. Our job is to design, build and sell appliances to consumers. That's how we are similar. Even our differences make us similar in many respects as we build and sell appliances. We bring together different people from around the world, with different perspectives, and our task is to harness the power of our differences to make a better company. We don't want to change those things; we want them to continue because we can transfer those skills we share to other parts of the Whirlpool world. That's the power of our company's global network.



Dave Whitwam

H. Miguel Etchenique

Brasmotor: In your opinion what are the main cultural differences and what are the main similarities between Whirlpool and Brasmotor?

Etchenique: The differences basically result from the social and cultural characteristics of the countries from which the companies originated. Brazilians have Latin and European backgrounds, and North Americans a strong Anglo-Saxon influence. From a management and operational point of view, the

development in our progressive relationship strongly consolidates the image of a modern and innovative company.

Whitwam

Brasmotor: What motivated Whirlpool to increase its share in Brasmotor?

Whitwam: Whirlpool has been a partner of the Brasmotor Group for a very long time, 40

(continued on back page)

QATA Program Promises to be More Exciting

The annual Quality Achievement Team Awards (QATA) program is undergoing some changes that will make the application and team evaluation process easier and more exciting, according to QATA coordinator, Jodi McBride.

McBride said there will no longer be lengthy written applications or peer reviews. In their place, participants will find a more targeted set of project criteria and a more interactive evaluation process that is expected to increase team recognition and generate more pride in team achievements.

In sum, teams will present project details to leadership at their work site and or division. Winners

of these preliminary events will advance to a regional competition held at the Quality Forum, where teams will compete for the Chairman's Award. This process will be duplicated in each Whirlpool region.

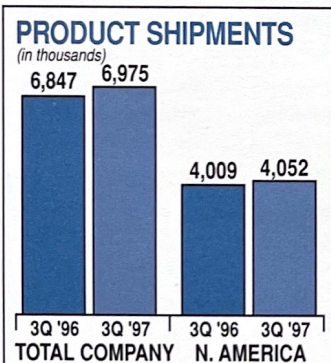
Guidelines for the competition will be announced soon. McBride said that global and regional QATA planning teams are forming and site leaders are being recruited. It's expected that preliminary rounds will kick off in March, with the Quality Forum slated for late spring.

Anyone with questions about the program should contact either McBride (616/923-5081) or Becky Rice (616/923-7158).

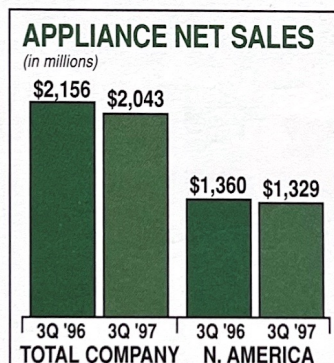


Likely to be on display for some time, this one-millionth range built at Tulsa Division is a strong reminder of just how far along the Whirlpool operation has come since production began there in 1996.

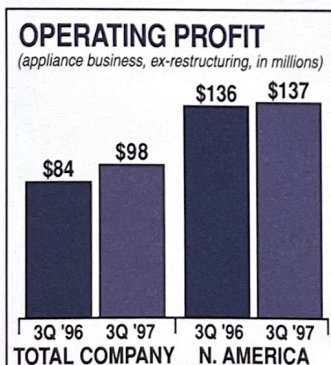
Third-Quarter Business at a Glance



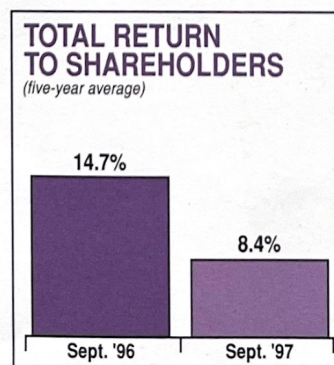
The number of home appliances sold to retailers, builders and other dealers.



The amount of money received by Whirlpool Corporation for the home appliances it sells.



The portion of revenues remaining after expenses associated with making and selling home appliances — such as wages and salaries, together with material utility, promotional and other costs — are subtracted.



The value of a share of stock, plus dividends received and reinvested, divided by the original purchase price of that share. This percentage shows shareholders how much the stock has appreciated or depreciated.

Tulsa Hits a Million

In less than two years of existence, Tulsa Division has established itself as a top-notch range-manufacturing facility, with production and employment reaching levels that weren't expected until year-end 1999, according to plant leaders.

A measure of the rapid operations progress may best be

reflected in the division's milestone production of its one-millionth unit—a Whirlpool-brand gas range—in late October. In only its first year of production, the plant received three major awards for product innovation. Among the honors was a *Partners in Progress* award from Sears, Roebuck and Co.

New Funds Add More Variety for 401(k) Investments

Two new investment choices debuted this month for people enrolled in the company's 401(k) plan, bringing to 12 the number of fund options. Added to the list are Putnam S&P 500 Index Fund and Vanguard/Windsor II Fund, which is a growth and income fund.

Information packets and prospectuses about the new funds were mailed to homes last month. The addition of new funds stems from 401(k)

participant requests in a survey held this past summer. People surveyed indicated they wanted to see a broader range of fund choices, including an index fund.

Participants in the 401(k) plan can add one or both of the new funds to their portfolios by calling the plan's toll-free voice response number (1-888-WHR-401k). A Putnam representative is also available to answer questions.



ROUNDUP

Oxford Tops in North Mississippi Industry

Oxford Division has been named "Industry of the Year" by the North Mississippi Industrial Development Association. Whirlpool representatives and Oxford city officials accepted the award at a recent banquet in Starkville, Miss.

The manufacturing facility, which makes built-in ovens, drop-in ranges and cooktops, was among scores of companies in a 29-county area that were eligible for the award. It was the first time that the association selected an Oxford and Lafayette County company as the award recipient. Among past winners are Kerr-McGee,

Cooper Tire & Rubber and Weyerhaeuser Corp. "I don't know who in Mississippi

could surpass Whirlpool's impact on the community, both in service and in dollars

contributed to the community," Oxford Mayor Pat Lamar said. "No one thing stands out about Whirlpool; the package is exemplary."

It's estimated that the division contributes about \$20 million annually to the economy of North Mississippi through payroll, purchases of supplies and equipment, and taxes.



Oxford Division Plant Manager Kathy Nelson (left) and Mayor Pat Lamar accept an industry award from the North Mississippi Industrial Development Association.

Indian Market gets new Washer Models

A Whirlpool project to develop two new "world washer" models for the Indian market depended, in part, on a new plastic-basket design. Close coordination of the project between company technology centers in Pondicherry, India, and St. Joseph, Mich., led to successful introduction of the models in August.

According to Ron Rayon, director of global technology, laundry, the new washers have cut production costs 13 percent compared to previous models, while manufacturing cycle time for the baskets has been reduced 30 percent. He also said the new design improves the ease in which units are serviced.

"Customer acceptance is very strong," he added. "Portions of the Indian market that previously were served only by twin-tub washing machines are now able to be served by the new-design products which provide superior benefits."



Washer team members from India and North America gather recently at the St. Joseph Technology Center in St. Joseph, Mich., to formally bring to a close a successful project that led to introduction of two new washing-machine models to the Indian market. A new plastic-bucket design was a key part of the project. Among the team members are (L-R) Bill Kangas, Suresh Ramani, Al Trowbridge, S. Easwaran and Kevin Bohn.



MAIL BAG



Saving \$30 on Electric Bill

Every time I've paid my electric bill since purchasing my new (Roper) refrigerator I've thought about writing. My electric bill with my old refrigerator, which I had 25 years, averaged \$77 a month.

Now my bill averages \$47. Saving \$30 a month, it doesn't take long to see how much that old refrigerator cost me.

— Richard Bradley
Perris, Calif.

Customer Service Stellar

I want to personally thank you very much for the prompt attention I received from your company in resolving a problem with my KitchenAid range.

The gentlemen who called me from Whirlpool was kind and courteous in helping me make an appointment with a repair service. Two days after

our conversation the repairman was at my house and efficiently went about repairing the stove.

I have had no problem with it since and feel that it is really fixed now. Thank you so much for your concern and attention to this matter.

— Joyce Sanders
Ellenton, Fla.

Hates Refrigerator

I'm sorry, but I do not like your refrigerator. I hate it! It's just too low and deep. It's hard to see or get things from the back. I had to shop in a hurry, so I went for "name" and "price". I'm 70 years old (young) and have a very limited income, so I couldn't afford a side by side this time. Why

can't you make one taller with one more shelf, and not so deep?

— Nancy Jenny
Bay City, Mich.

The customer was contacted and given information on a variety of refrigerator models that could possibly meet her feature preferences.

'Flaky' Knobs not Good Public Relations

We officially took possession of our home and appliances on Feb. 20, 1997. However, we did not move in and start using the appliances until May 10, 1997. A week or so after starting to use the cooktop and giving it an overall wipe down using glass cleaner, the markings on the knobs began flaking off.

Some other things needed to be addressed as well, so a call was put in for service and the knobs were mentioned. New ones were received, but unfortunately they are of the same type—the markings are simply painted on. Do you realize that the marks can simply be flaked off by flicking

them with a fingernail?

People, this is not acceptable! We paid an extra \$240 over the builder's allowance for this cooktop, and for that price the least that it should come with are metal knobs with permanently inscribed, baked-on markings.

I sincerely hope that this issue is addressed in a timely manner, not just for me but for other customers as well. It looks very tacky when we show our new home to first-time visitors and they comment on how worn the knobs appear. It's not good PR for Whirlpool.

— Rosina Bohannon
Fairfield, Calif.

Refrigerator Flaws Irritating

On May 27, 1997, I purchased a (Whirlpool) refrigerator. The ice cubes are too large, which causes them to dispense very slowly. My daughter has a Frigidaire, which fills a glass with ice in a couple of seconds. "Use the crushed ice feature" someone might say, but it's too slow and also causes chips of ice to fly all over the floor.

Another irritant is the vacuum on the door gaskets. You actually have to brace one hand on the freezer handle to pull open the refrigerator door.

If you let the door close by itself you can hear it close three rooms away. Leveling does not correct this problem.

I purchased my old model in 1970. We moved it into the garage because it was showing outside rust. We would trade for a new 1970 model any day. I cannot imagine your technical people letting two irritating flaws, which consumers have to face daily, get by.

— Edwin Richter
El Campo, Texas

A Dash of Engine Paint

I purchased your super-capacity gas stove. I really like it; the selling feature was the large oven. I have one complaint. The black burner grids leave rust marks on the white stove top. My husband sprayed the

bottoms with engine paint and it has corrected the problem. You should consider painting the grid bottoms as you do the tops in the future.

— Joan Springer
Hunker, Pa.

A Positive Tune

I returned from vacation on Sept. 14 to find that new dishwasher racks that I ordered were waiting for me. They fit just fine. Thank you so much for your prompt and generous

assistance. I will continue to sing the praises of KitchenAid dishwashers.

— Joan Cook
Torrance, Calif.



EXPRESS YOURSELF

Do you have an opinion, a question, a gripe, or, better yet, a story idea? Call the Whirlpool Employee Comment Line at 1-800-643-0961. In the 616-area, call 923-2412.

Letters to the Editor are welcome. Write us at: Whirlpool Employee Communications, (Mail Drop 2500) 2000 N. M-63, Benton Harbor, MI 49022.

Whirlpool web site: "<http://www.whirlpool.com>"

LaVergne has Presence at Governor's Economic Summit

Products manufactured by LaVergne Division, including a room air conditioner, dehumidifier and built-in refrigerator, were part of a division exhibit at a recent economic summit sponsored by Tennessee Gov. Don Sundquist.

About 1,500 people attended the summit in Nashville, which highlights Tennessee industry, agriculture, education and

tourism. The state uses the conference as part of its economic- and workforce-development strategy.

Joining Whirlpool hosts at the division exhibit were representatives from the company's consumer assistance center in Knoxville. Whirlpool-LaVergne was co-sponsor of the event.



Tennessee Gov. Don Sundquist meets LaVergne Division's Nancy Mangrum at a product booth at a state economic summit held in Nashville. The governor also met Pam Lambert (background) who is with Whirlpool's consumer assistance center in Knoxville.

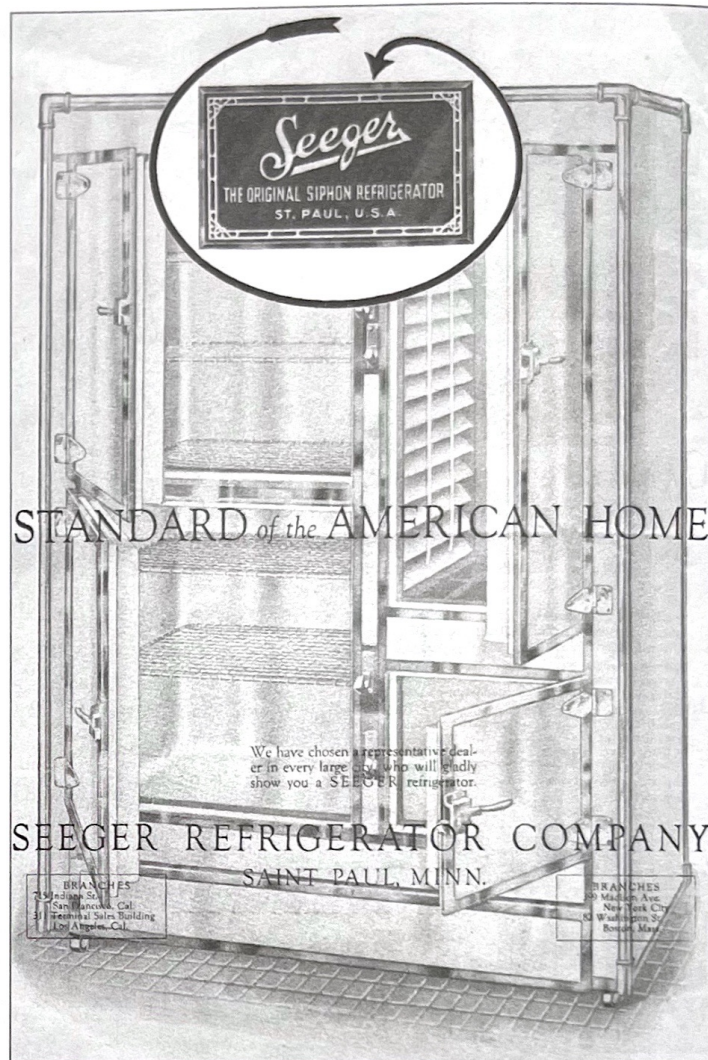
A Stronger Partnership (continued from page 4)

Brasmotor: What is the significance of the invitation extended to Mr. Etchenique to be part of Whirlpool's board of directors?

Whitwam: I think one should look at the significance of two things. One is the importance of the Latin American market in our global business. Another is the recognition of the very important role Miguel Etchenique has had and continues to have with Whirlpool during this period of transition as the Brasmotor Group becomes a more complete part of Whirlpool Corporation. Also, Miguel has 45 years of experience in this business. He brings a global perspective to our board of directors, a perspective that will contribute a great deal to our company's success.

Brasmotor: What is your evaluation of the partnership Whirlpool has had with Brasmotor?

Whitwam: I've said on many occasions and in many parts of the world, that if academics wanted to write a book on joint ventures and partnerships, they ought to select this one, because I know of none that has worked better or has been deeper, richer and more powerful. Again, I think it's because we have, over the years, developed trust and a great deal of respect for the capabilities of our partnership. We've always said that the important thing to do is to make the right decisions for the business, and the right decisions will benefit the partnership.



Page to the Past

This is an advertisement for Seeger Refrigerator Company that appeared in the April 1923 issue of *House & Garden* magazine. In 1955, Whirlpool Corp. merged with Seeger to become Whirlpool-Seeger Corp. In that same year, Whirlpool purchased

manufacturing facilities in Marion, Ohio, from Motor Products Corp., and the company's dryer production was transferred there. Also during that year, the company acquired a refrigeration plant (now Evansville Division) from International Harvester.

VISION IN NORTH AMERICA

Editor: Jim McCluskey

Art Director: June Nowlin-Simonton

Editorial Assistants: JoAnn Holt,
Virginia Sheng

Photography: Doug Ingle

Cont. Photographers:

Wendy Bowersox, Marsha Gepner,
Rodolfo Guttilla,
Mary Ann Harmening, Doug Ingle,
Nick Miles

Story Contributors:

Wendy Bowersox, Marsha Gepner,
Rodolfo Guttilla,
Mary Ann Harmening, Nick Miles,
Ron Rayon

Editorial Board: Wendy Bowersox,

Heather Clifford, Lisa Fell,
Marsha Gepner,
Mary Ann Harmening,
Janice Jillson, Ruth Loftus,
Mona Mendoza, Jay Porczak,
Stefanie Saunders, Virginia Sheng

Litho: EPI Printers
Printed on recycled paper
© 1997, Whirlpool Corporation