WHIRLPOOL CORP /DE/
Form 10-Q
April 24, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-3932

WHIRLPOOL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

Class of common stock	Shares outstanding at April 17, 2013
Common stock, par value $1 per share	79,166,263

QUARTERLY REPORT ON FORM 10-Q
WHIRLPOOL CORPORATION
Three Months Ended March 31, 2013
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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Certain statements contained in this quarterly report, including those within the forward-looking perspective section within this Management's Discussion and Analysis, and other written and oral statements made from time to time by us or on our behalf do not relate strictly to historical or current facts and may contain forward-looking statements that reflect our current views with respect to future events and financial performance. As such, they are considered “forward-looking statements” which provide current expectations or forecasts of future events. Such statements can be identified by the use of terminology such as “may,” “could,” “will,” “should,” “possible,” “plan,” “pred “forecast,” “potential,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “believe,” “may impact,” “on track,” and similar expressions. Our forward-looking statements generally relate to our growth strategies, financial results, product development, and sales efforts. These forward-looking statements should be considered with the understanding that such statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially.

This document contains forward-looking statements about Whirlpool Corporation and its consolidated subsidiaries (“Whirlpool”) that speak only as of this date. Whirlpool disclaims any obligation to update these statements.

Forward-looking statements in this document may include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and material and oil-related prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers; (2) Whirlpool's ability to continue its relationship with significant trade customers and the ability of these trade customers to maintain or increase market share; (3) changes in economic conditions which affect demand for our products, including the strength of the building industry and the level of interest rates; (4) inventory and other asset risk; (5) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from natural disasters or terrorist attacks; (6) the uncertain global economy; (7) the ability of Whirlpool to achieve its business plans, productivity improvements, cost control, price increases, leveraging of its global operating platform, and acceleration of the rate of innovation; (8) Whirlpool's ability to maintain its reputation and brand image; (9) fluctuations in the cost of key materials (including steel, oil, plastic, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (10) litigation, tax, and legal compliance risk and costs, especially costs which may be materially different from the amount we expect to incur or have accrued for; (11) product liability and product recall costs; (12) the effects and costs of governmental investigations or related actions by third parties; (13) Whirlpool's ability to obtain and protect intellectual property rights; (14) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (15) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and post retirement benefit plans; (16) information technology system failures and data security breaches; (17) the impact of labor relations; (18) our ability to attract, develop and retain executives and other qualified employees; (19) changes in the legal and regulatory environment including environmental and health and safety regulations; and (20) the ability of Whirlpool to manage foreign currency fluctuations.

We undertake no obligation to update any forward-looking statement, and investors are advised to review disclosures in our filings with the Securities and Exchange Commission. It is not possible to foresee or identify all factors that could cause actual results to differ from expected or historic results. Therefore, investors should not consider the foregoing factors to be an exhaustive statement of all risks, uncertainties, or factors that could potentially cause actual results to differ from forward-looking statements. Additional information concerning these and other factors can be found in “Risk Factors” in Item 1A of this report.

Unless otherwise indicated, the terms “Whirlpool,” “we,” “us,” and “our” refer to Whirlpool Corporation and its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31
(Millions of dollars, except per share data)

	Three Months Ended	
	2013	2012
Net sales	$4,248	$4,348
Expenses		
Cost of products sold	3,522	3,698
Gross margin	726	650
Selling, general and administrative	421	405
Intangible amortization	9	7
Restructuring costs	42	34
Operating profit	254	204
Other income (expense)		
Interest and sundry income (expense)	(18)	(17)
Interest expense	(46)	(54)
Earnings before income taxes	190	133
Income tax expense (benefit)	(67)	36
Net earnings	257	97
Less: Net earnings available to noncontrolling interests	5	5
Net earnings available to Whirlpool	$252	$92
Per share of common stock		
Basic net earnings available to Whirlpool	$3.18	$1.19
Diluted net earnings available to Whirlpool	$3.12	$1.17
Dividends declared	$0.50	$0.50
Weighted-average shares outstanding (in millions)		
Basic	79.3	77.3
Diluted	80.7	78.5
Comprehensive income		
Comprehensive income	$226	$194

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements

WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Millions of dollars, except share data)

	(Unaudited) March 31, 2013	December 31, 2012
Assets		
Current assets		
Cash and equivalents	$750	$ 1,168
Accounts receivable, net of allowance of $61 and $60, respectively	2,080	2,038
Inventories	2,569	2,354
Deferred income taxes	548	558
Prepaid and other current assets	768	709
Total current assets	6,715	6,827
Property, net of accumulated depreciation of $6,085 and $6,070, respectively	2,961	3,034
Goodwill	1,726	1,727
Other intangibles, net of accumulated amortization of $220 and $211, respectively	1,713	1,722
Deferred income taxes	1,937	1,832
Other noncurrent assets	279	254
Total assets	$15,331	$ 15,396
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$3,556	$ 3,698
Accrued expenses	694	692
Accrued advertising and promotions	310	419
Employee compensation	547	520
Notes payable	1	7
Current maturities of long-term debt	10	510
Other current liabilities	683	664
Total current liabilities	5,801	6,510
Noncurrent liabilities		
Long-term debt	2,441	1,944
Pension benefits	1,599	1,636
Postretirement benefits	412	422
Other noncurrent liabilities	492	517
Total noncurrent liabilities	4,944	4,519
Stockholders' equity		
Common stock, $1 par value, 250 million shares authorized, 108 million shares issued and 79 million shares outstanding	108	108
Additional paid-in capital	2,346	2,313
Retained earnings	5,360	5,147
Accumulated other comprehensive loss	(1,563)	(1,531)
Treasury stock, 29 million shares	(1,776)	(1,777)
Total Whirlpool stockholders' equity	4,475	4,260
Noncontrolling interests	111	107
Total stockholders' equity	4,586	4,367
Total liabilities and stockholders' equity	$15,331	$ 15,396

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements

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WHIRLPOOL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31
(Millions of dollars)

	Three Months Ended	
	2013	2012
Operating activities		
Net earnings	$257	$97
Adjustments to reconcile net earnings to cash used in operating activities:		
Depreciation and amortization	129	151
Settlement of Brazilian collection dispute	—	(275)
Changes in assets and liabilities:		
Accounts receivable	(58)	—
Inventories	(223)	(207)
Accounts payable	(141)	(2)
Accrued advertising and promotions	(105)	(112)
Taxes deferred and payable, net	(92)	(3)
Accrued pension and postretirement benefits	(45)	(72)
Employee compensation	29	57
Other	(56)	(57)
Cash used in operating activities	(305)	(423)
Investing activities		
Capital expenditures	(74)	(92)
Proceeds from sale of assets	3	—
Other	(26)	—
Cash used in investing activities	(97)	(92)
Financing activities		
Proceeds from borrowings of long-term debt	499	—
Repayments of long-term debt	(503)	(3)
Dividends paid	(39)	(39)
Net repayments of short-term borrowings	(3)	(1)
Common stock issued	37	11
Other	(5)	(2)
Cash used in financing activities	(14)	(34)
Effect of exchange rate changes on cash and equivalents	(2)	23
Decrease in cash and equivalents	(418)	(526)
Cash and equivalents at beginning of period	1,168	1,109
Cash and equivalents at end of period	$750	$583

The accompanying notes are an integral part of these Consolidated Condensed Financial Statements

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF PRESENTATION

General Information

The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information or footnotes required by GAAP for complete financial statements. As a result, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in the Financial Supplement of our Form 10-K for the year ended December 31, 2012.

Management believes that the accompanying Consolidated Condensed Financial Statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods.

We have eliminated all material intercompany transactions in our Consolidated Condensed Financial Statements. We do not consolidate the financial statements of any company in which we have an ownership interest of 50% or less unless that company is deemed to be a variable interest entity ("VIE") in which we are considered to have a controlling financial interest. We did not control any company in which we had an ownership interest of 50% or less for any period presented in our Consolidated Condensed Financial Statements.

Certain prior year amounts in the Consolidated Condensed Financial Statements have been reclassified to conform with current year presentation.

New Accounting Pronouncements

In January 2013, we adopted the provisions of Accounting Standards Update (“ASU”) No. 2013-01, issued by the Financial Accounting Standards Board (“FASB”), which requires new asset and liability offsetting disclosures for derivatives, repurchase agreements and security lending transactions to the extent that they are: (1) offset in the financial statements; or (2) subject to an enforceable master netting arrangement or similar agreement. We do not have any repurchase agreements and do not participate in securities lending transactions. Our derivative instruments are not offset in the financial statements and are not subject to any right of offset provisions with our counterparties. Accordingly, this amendment did not have a material impact on our Consolidated Condensed Financial Statements. Additional information about derivative instruments can be found in Note 6 of the Notes to the Consolidated Condensed Financial Statements.

In February 2013, the Financial Accounting Standards Board (“FASB”) amended Accounting Standards codification (“ASC 220”), “Comprehensive Income.” This amendment requires companies to report, in one place, information about reclassifications (by component) out of accumulated other comprehensive income (“AOCI”). In addition, this amendment requires companies to present the related line item effect of significant reclassifications on the statement where income is presented. We adopted the provisions of this amendment during the first quarter 2013, which affects only the display of information and does not change existing recognition and measurement requirements in our Consolidated Condensed Financial Statements.

Issued but not yet effective accounting pronouncements are not expected to have a material impact on our Consolidated Condensed Financial Statements.

(2) FAIR VALUE MEASUREMENTS

Fair value is measured based on an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tiered fair value hierarchy is established, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets that are observable, either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. We had no Level 3 assets or liabilities at March 31, 2013 and December 31, 2012.

Assets and liabilities measured at fair value are based on a market valuation approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

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Assets and liabilities measured at fair value on a recurring basis at March 31, 2013 and December 31, 2012 are in the following table:

	Total Cost Basis		Fair Value Level 1		Level 2		Total	
Millions of dollars	2013	2012	2013	2012	2013	2012	2013	2012
Money market funds [1]	$97	$563	$97	$563	$—	$—	$97	$563
Net derivative contracts	—	—	—	—	2	(14)	2	(14)
Available for sale investments	7	7	11	10	—	—	11	10

[1] Money market funds are primarily comprised of government obligations.

Other Fair Value Measurements

The fair value of long-term debt (including current maturities) was $2.7 billion and $2.6 billion at March 31, 2013 and December 31, 2012, respectively, and was estimated using discounted cash flow analysis based on incremental borrowing rates for similar types of borrowing arrangements (Level 2 input).

(3) INVENTORIES

The following table summarizes our inventory for the periods presented:

Millions of dollars	March 31, 2013	December 31, 2012
Finished products	$2,144	$1,948
Raw materials and work in process	606	596
Gross inventories	2,750	2,544
Less: excess of FIFO cost over LIFO cost	(181)	(190)
Total inventories	$2,569	$2,354

LIFO inventories represented 38% and 40% of total inventories at March 31, 2013 and December 31, 2012, respectively.

(4) FINANCING ARRANGEMENTS

In March 2013, $500 million of 5.500% notes matured and were repaid. On February 27, 2013, we completed a debt offering of $250 million principal amount of 3.70% notes due in 2023 and $250 million principal amount of 5.15% notes due in 2043 (collectively, the "Notes"). The Notes contain covenants that limit our ability to incur certain liens or enter into certain sale and lease-back transactions. In addition, if we experience a specific kind of change of control, we are required to make an offer to purchase all of the Notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest. The Notes are registered under the Securities Act of 1933, as amended, pursuant to the Company’s Registration Statement on Form S-3 (File No. 333-181339) filed with the Securities and Exchange Commission (the “Commission”) on May 11, 2012.

(5) COMMITMENTS AND CONTINGENCIES

Embraco Antitrust Matters

Beginning in February 2009, our compressor business headquartered in Brazil ("Embraco") was notified of investigations of the global compressor industry by government authorities in various jurisdictions. In 2012, Embraco sales represented approximately 8% of our global net sales.

Government authorities in Brazil, Europe, the United States, and other jurisdictions have entered into agreements with Embraco and concluded their investigations of the Company. In connection with these agreements, Embraco has acknowledged violations of antitrust law with respect to the sale of compressors at various times from 2004 through 2007 and agreed to pay fines or settlement payments.

Since the government investigations commenced in February 2009, Embraco has been named as a defendant in related antitrust lawsuits in various jurisdictions seeking damages in connection with the pricing of compressors from 1996 to 2009. Several other compressor manufacturers who are the subject of the government investigations have also been named as defendants in the antitrust lawsuits. United States federal lawsuits instituted on behalf of purported “direct” and “indirect” purchasers and containing class action allegations have been combined in one proceeding in the United States District Court for the Eastern District of Michigan (“Michigan Lawsuit”). Other lawsuits are also pending and additional lawsuits may be filed by purported purchasers.

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On February 12, 2013, Embraco entered into a settlement agreement with plaintiffs representing a proposed settlement class of direct purchasers of compressors in the Michigan Lawsuit. The settlement agreement, which is subject to court approval, provides for, among other things, the payment by Embraco of up to $30 million in exchange for a release by all settlement class members. The settlement agreement, which was accrued for as of December 31, 2012, does not cover any claims by direct purchasers which opt out of the proposed settlement class and the settlement amount will be reduced if there are opt-outs. The settlement agreement does not cover claims by "indirect purchaser" plaintiffs in the Michigan Lawsuit, which remain pending.

In connection with these agreements and other Embraco antitrust matters, we have incurred, in the aggregate, charges of approximately $360 million, including fines, defense costs and other expenses. These charges have been recorded within interest and sundry income (expense). At March 31, 2013, $111 million remains accrued, with installment payments of $74 million, plus interest, remaining to be made to government authorities at various times through 2015.

We continue to work toward resolution of ongoing government actions in other jurisdictions, to defend the related antitrust lawsuits and to take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations.

Brazilian Collection Dispute

We reached an agreement in June 2011 to settle all claims arising from our long-standing dispute in Brazil with Banco Safra S.A. Such settlement was subsequently approved by a Brazilian court in July 2011. Pursuant to the settlement, our subsidiary agreed to pay Banco Safra S.A. 959 million Brazilian reais, in two installments, the first of 469 million reais (equivalent to $301 million) was made in July 2011, and the second of 490 million reais (equivalent to $275 million) was made in January 2012.

Brazil Tax Matters

Relying on existing Brazilian legal precedent, in 2003 and 2004, we recognized tax credits in an aggregate amount of $26 million, adjusted for currency, on the purchase of raw materials used in production ("IPI tax credits"). The Brazilian tax authority subsequently challenged the recording of IPI tax credits. No credits have been recognized since 2004. In 2009, we entered into a special Brazilian government program which provided extended payment terms and reduced penalties and interest to encourage tax payers to resolve this and certain other disputed tax credit amounts. As permitted by the program, we elected to settle certain debts through the use of other existing tax credits and recorded charges of approximately $34 million in 2009 associated with these matters. In July 2012, the Brazilian revenue authority notified us that a portion of our proposed settlement was rejected and we received tax assessments of 187 million Brazilian reais (equivalent to $93 million) in 2013, reflecting the original assessment, plus interest and penalties. We are disputing these assessments and we intend to vigorously defend our position. Based on our analysis of the facts, including the opinion of our legal advisors, we have not recorded a reserve related to these matters.

We are currently disputing other assessments issued by the Brazilian tax authorities related to non-income and income tax matters. These matters are at various stages of review in numerous administrative and judicial proceedings. We routinely assess these matters and record our best estimate of loss in situations where we assess the likelihood of an ultimate loss to be probable. We believe these assessments are without merit and are vigorously defending our positions, however, each of these matters may take several years to resolve and the outcome of litigation is inherently unpredictable.

BEFIEX Credits

In previous years, our Brazilian operations earned tax credits under the Brazilian government's export incentive program (BEFIEX). These credits reduced Brazilian federal excise taxes on domestic sales, resulting in an increase in the operations' recorded net sales. We recognize export credits as they are monetized, based on a favorable court decision in 2005, which was upheld by a December 2011 appellate court decision, however, future actions by the Brazilian government could limit our ability to monetize these export credits.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe

BEFIEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of March 31, 2013. As of March 31, 2013, the total amount of outstanding tax assessments for income and social contribution taxes relating to the BEFIEX credits, including interest and penalties, is approximately 1.2 billion Brazilian reais (equivalent to $600 million).

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve, during which time the amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

Other Litigation

We are currently defending against numerous lawsuits pending in federal and state courts in the United States and various jurisdictions in Canada relating to certain of our front load washing machines. Some of these lawsuits have been certified for treatment as class actions. The complaints in these lawsuits generally allege violations of state consumer fraud acts, unjust enrichment and breach of warranty. The complaints generally seek unspecified compensatory, consequential and punitive damages. We believe these suits are without merit and are vigorously defending them. Given the preliminary stage of these proceedings, the Company cannot reasonably estimate a possible range of loss, if any, at this time. The resolution of one or more of these matters could have a material adverse effect on our Consolidated Condensed Financial Statements.

In addition, we are currently defending a number of other lawsuits in federal and state courts in the United States related to the manufacturing and sale of our products which include class action allegations. These lawsuits allege claims which include breach of contract, breach of warranty, product defect, fraud, violation of federal and state consumer protection acts and negligence. We do not have insurance coverage for class action lawsuits. We are also involved in various other legal actions arising in the normal course of business, for which insurance coverage may or may not be available depending on the nature of the action. We dispute the merits of these suits and actions, and intend to vigorously defend them. Management believes, based upon its current knowledge, after taking into consideration legal counsel's evaluation of such suits and actions, and after taking into account current litigation accruals, that the outcome of these matters currently pending against Whirlpool should not have a material adverse effect, if any, on our Consolidated Condensed Financial Statements.

Product Warranty and Recall Reserves

Product warranty and recall reserves are included in other current and other noncurrent liabilities in our Consolidated Condensed Balance Sheets. The following table summarizes the changes in total product warranty and recall reserves for the periods presented:

Millions of dollars	2013	2012
Balance at January 1	$187	$191
Issuances/accruals during the period	86	97
Settlements made during the period	(89)	(104)
Other changes	(2)	—
Balance at March 31	$182	$184
Current portion	$143	$150
Non-current portion	39	34
Total	$182	$184

We regularly engage in investigations of potential quality and safety issues as part of our ongoing effort to deliver quality products to customers. We are currently investigating a limited number of potential quality and safety issues. As necessary, we undertake to effect repair or replacement of appliances in the event that an investigation leads to the conclusion that such action is warranted.

Guarantees

We have guarantee arrangements in a Brazilian subsidiary. As a standard business practice in Brazil, the subsidiary guarantees customer lines of credit at commercial banks to support purchases following its normal credit policies. If a customer were to default on its line of credit with the bank, our subsidiary would be required to satisfy the obligation with the bank and the receivable would revert back to the subsidiary. At March 31, 2013 and December 31, 2012, the guaranteed amounts totaled $455 million and $449 million, respectively. Our subsidiary insures against credit risk for these guarantees, under normal operating conditions, through policies purchased from high-quality underwriters.

We provide guarantees of indebtedness and lines of credit for various consolidated subsidiaries. The maximum amount of credit facilities available under these lines for consolidated subsidiaries totaled $1.4 billion at March 31, 2013 and December 31, 2012. Our total outstanding bank indebtedness under guarantees at March 31, 2013 and December 31, 2012 was nominal.

We have guaranteed a $50 million five year revolving credit facility between certain financial institutions and a not-for-profit entity in connection with a community and economic development project (“Harbor Shores”). The credit facility, which originated in 2008, was refinanced in December 2012 and we renewed our guarantee through 2017. The fair value of the guarantee was nominal. The purpose of Harbor Shores is to stimulate employment and growth in the areas of Benton Harbor and St. Joseph, Michigan. In the event of default, we must satisfy the guarantee of the credit facility up to the amount borrowed at the date of default.

(6) HEDGES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are accounted for at fair value based on market rates. Derivatives where we elect hedge accounting are designated as either cash flow or fair value hedges. Derivatives that are not accounted for based on hedge accounting are marked to market through earnings. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. For a derivative instrument designated as a fair value hedge, the gain or loss on the derivative is recognized in earnings in the period of change in fair value together with the offsetting gain or loss on the hedged item. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative’s gain or loss is initially reported as a component of Other Comprehensive Income (“OCI”) and is subsequently recognized in earnings when the hedged exposure affects earnings. Hedging ineffectiveness and a net earnings impact occur when the change in the fair value of the cash flow hedge does not offset the change in the fair value of the hedged item. The ineffective portion of the gain or loss is recognized in earnings.

Using derivative instruments means assuming counterparty credit risk. Counterparty credit risk relates to the loss we could incur if a counterparty were to default on a derivative contract. We generally deal with investment grade counterparties and monitor the overall credit risk and exposure to individual counterparties. We do not anticipate nonperformance by any counterparties. The amount of counterparty credit exposure is limited to the unrealized gains, if any, on such derivative contracts. We do not require, nor do we post, collateral or other security on such contracts.

Hedging strategy

In the normal course of business, we manage risks relating to our ongoing business operations including those arising from changes in foreign exchange rates, interest rates and commodity prices. Fluctuations in these rates and prices can affect our operating results and financial condition. We use a variety of strategies to manage these risks, including the use of derivative instruments. We do not enter into derivative financial instruments for trading or speculative purposes.

Foreign currency exchange rate risk

We incur expenses associated with the procurement and production of products in a limited number of countries, while we sell in the local currencies of a large number of countries. Our primary foreign currency exchange exposures result from cross-currency sales of products. As a result, we enter into foreign exchange contracts to hedge certain firm commitments and forecasted transactions to acquire products and services that are denominated in foreign currencies.

We enter into certain undesignated non-functional currency asset and liability hedges that relate primarily to short-term payables, receivables, inventory and intercompany loans. These forecasted cross-currency cash flows relate primarily to foreign currency denominated expenditures and intercompany financing agreements, royalty agreements and dividends. When we hedge a foreign currency denominated payable or receivable with a derivative, the effect of changes in the foreign exchange rates are reflected currently in interest and sundry income (expense) for both the payable/receivable and the derivative. Therefore, as a result of the economic hedge, we do not elect hedge accounting.

Commodity price risk

We enter into swap and option contracts on various commodities to manage the price risk associated with forecasted purchases of materials used in our manufacturing process. The objective of these hedges is to reduce the variability of cash flows associated with the forecasted purchase of commodities.

Interest rate risk

We may enter into interest rate derivatives, including rate swaps and rate locks, to manage interest rate risk exposure. Our interest rate swap agreements, if any, effectively modify our exposure to interest rate risk, primarily through converting certain of our floating rate debt to a fixed rate basis, and certain fixed rate debt to a floating rate basis. These agreements involve either the receipt or payment of floating rate amounts in exchange for fixed rate interest payments or receipts, respectively, over the life of the agreements without an exchange of the underlying principal amounts. We also may utilize a cross-currency interest rate swap agreement to manage our exposure relating to certain intercompany debt denominated in one foreign currency that will be repaid in another foreign currency. We may enter into treasury rate lock agreements to effectively modify our exposure to interest rate risk by locking-in interest rates on probable long-term debt issuances. At March 31, 2013 and December 31, 2012 there were no outstanding interest rate derivatives.

The following table summarizes our outstanding derivative contracts and their effects on our Consolidated Condensed Balance Sheets at March 31, 2013 and December 31, 2012:

Millions of dollars	Notional Amount		Fair Value of Hedge Assets		Hedge Liabilities		Type of Hedge [1]	Maximum Term (Months)	
	2013	2012	2013	2012	2013	2012		2013	2012
Derivatives accounted for as hedges:									
Foreign exchange	$861	$1,101	$16	$8	$5	$12	(CF/FV)	15	18
Commodity	343	354	3	11	16	9	(CF)	33	24
Total derivatives accounted for as hedges			$19	$19	$21	$21			
Derivatives not accounted for as hedges:									
Foreign exchange	$1,671	$1,522	$23	$11	$19	$23		17	13
Commodity	9	6	—	—	—	—		9	12
Total derivatives not accounted for as hedges:			23	11	19	23			
Total derivatives			$42	$30	$40	$44			
Current			$40	$26	$37	$43			
Noncurrent			2	4	3	1			
Total derivatives			$42	$30	$40	$44			

(1) Foreign exchange derivatives accounted for as hedges are classified as cash flow (CF) hedges in 2013. During 2012, foreign exchanges derivatives accounted for as hedges were classified as either cash flow (CF) or fair value (FV) hedges.

The following tables summarize the effects of derivative instruments on our Consolidated Condensed Statements of Comprehensive Income for the three months ended March 31 as follows:

Cash Flow Hedges - Millions of dollars	Gain (Loss) Recognized in OCI (Effective Portion)		Gain (Loss) Reclassified from OCI into Earnings (Effective Portion) [1]		
	2013	2012	2013	2012	
Foreign exchange	$15	$(7)	$—	$(1)	(a)
Commodity	(18)	20	(2)	(2)	(a)
Interest rate derivatives	—	6	—	—	(b)
	$(3)	$19	$(2)	$(3)	

Fair Value Hedges - Millions of dollars	Hedged Item	Gain (Loss) Recognized	Gain (Loss) Recognized on Related

		on Derivatives [2]		Hedged Items [2]	
		2013	2012	2013	2012
Foreign exchange	Non-functional currency assets and liabilities	$—	$(1)	$—	$1

Derivatives not Accounted for as Hedges - Millions of dollars	Gain (Loss) Recognized on Derivatives not Accounted for as Hedges [3]	
	2013	2012
Foreign exchange	$3	$12

[1] Gains and losses reclassified from accumulated OCI and recognized in income are recorded in (a) cost of products sold; or (b) interest expense.

[2] Gains and losses recognized in income are recorded in interest and sundry income (expense).

[3] Mark to market gains and losses recognized in income are recorded in interest and sundry income (expense).

For cash flow hedges, the amount of ineffectiveness recognized in interest and sundry income (expense) was nominal for the periods ended March 31, 2013 and 2012. The net amount of unrealized gain or loss on derivative instruments included in accumulated OCI related to contracts maturing and expected to be realized during the next twelve months was nominal at March 31, 2013.

(7) STOCKHOLDERS' EQUITY

Other Comprehensive Income (Loss)

The following table summarizes our other comprehensive income (loss) and related tax effects for the periods presented:

	Three Months Ended March 31,					
	2013			2012		
Millions of dollars	Pre-tax	Tax Effect	Net	Pre-tax	Tax Effect	Net
Currency translation adjustments	$(38)	$—	$(38)	$80	$—	$80
Cash flow hedges	—	—	—	21	(7)	14
Pension and other postretirement benefits plans	7	(1)	6	1	—	1
Available for sale securities	1	—	1	2	—	2
Other comprehensive income (loss)	(30)	(1)	(31)	104	(7)	97
Less: Other comprehensive income (loss) available to noncontrolling interests	1	—	1	2	—	2
Other comprehensive income (loss) available to Whirlpool	$(31)	$(1)	$(32)	$102	$(7)	$95

Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

The following table provides the reclassification adjustments out of accumulated other comprehensive loss, by component, that were included in net earnings for the period ended March 31, 2013.

Component - Accumulated other comprehensive loss	(Gain) Loss Reclassified	Classification in Earnings
Cash flow hedges, pre-tax	$ 2	Cost of products sold
Pension and postretirement benefits, pre-tax	7	Cost of products sold / Selling, general and administrative

The following table summarizes the changes in stockholders' equity for the period presented:

Millions of dollars	Total	Whirlpool Common Stockholders	Noncontrolling Interests
Stockholders' equity, December 31, 2012	$4,367	$4,260	$ 107
Net earnings	257	252	5
Other comprehensive income (loss)	(31)	(32)	1
Comprehensive income	226	220	6
Common stock	—	—	—
Treasury stock	1	1	—
Additional paid-in capital	33	33	—
Dividends declared on common stock	(41)	(39)	(2)
Stockholders' equity, March 31, 2013	$4,586	$4,475	$ 111

Net Earnings per Share

Diluted net earnings per share of common stock include the dilutive effect of stock options and other share-based compensation plans. Basic and diluted net earnings per share of common stock for the periods presented were calculated as follows:

	Three Months Ended March 31,	
Millions of dollars and shares	2013	2012
Numerator for basic and diluted earnings per share – net earnings available to Whirlpool	$252	$92
Denominator for basic earnings per share – weighted-average shares	79.3	77.3
Effect of dilutive securities – share-based compensation	1.4	1.2
Denominator for diluted earnings per share – adjusted weighted-average shares	80.7	78.5
Anti-dilutive stock options/awards excluded from earnings per share	0.3	2.9

Repurchase Program

On April 23, 2008, our Board of Directors authorized a share repurchase program of up to $500 million. Share repurchases are made from time to time on the open market as conditions warrant. There have been no repurchases since 2008. At March 31, 2013, there was $350 million remaining authorized under this program.

(8) RESTRUCTURING CHARGES

During the fourth quarter 2011, the Company committed to restructuring plans (the "2011 Plan") to expand our operating margins and improve our earnings through substantial cost and capacity reductions, primarily within our North America and EMEA operating segments.

The 2011 Plan includes the following actions:

- Overall workforce reduction of more than 5,000 positions, including approximately 1,200 salaried positions.
- Closure of a refrigeration manufacturing facility in the United States in 2012.
- Cease laundry production in a European manufacturing facility by 2013.
- Ceased dishwasher production in a European manufacturing facility in January 2012.
- Additional organizational efficiency actions in North America and EMEA.

Combined within the 2011 Plan are previously announced restructuring initiatives and the financial restructuring of a long standing customer and affiliate in Europe. We expect to incur up to $500 million of total costs related to the combined plans with substantial completion expected by the end of 2013. The following table summarizes the change in our restructuring liability for the period ended March 31, 2013 and cumulative charges recognized and total expected charges for the combined plans as of March 31, 2013.

Millions of dollars	12/31/2012	Charge to Earnings	Cash Paid	Non-cash and Other	3/31/2013	Cumulative Charges	Expected Total Charges
Employee termination costs	$56	$20	$(21)	$—	$55	$172	$265
Asset impairment costs	—	7	—	(7)	—	99	100
Facility exit costs	3	13	(4)	—	12	54	85
Other exit costs	11	2	(2)	—	11	32	50
Total	$70	$42	$(27)	$(7)	$78	$357	$500

The following table summarizes restructuring charges for the combined plans, by operating segment, as of March 31, 2013.

Millions of dollars	2013 Charges	Cumulative Charges	Expected Total Charges
North America	$33	$225	$331
Latin America	—	2	6
EMEA	9	119	151
Asia	—	8	8
Corporate / Other	—	3	4
Total	$42	$357	$500

(9) INCOME TAXES

The income tax benefit for the three months ended March 31, 2013 was $67 million compared to income tax expense of $36 million for the three months ended March 31, 2012. In January 2013, the “American Taxpayer Relief Act of 2012” was signed into law, of which the most significant impact to Whirlpool was the reinstatement of the United States energy tax credit for 2012 and 2013. The income tax benefit for the three months ended March 31, 2013 was primarily driven by United States energy tax credits of $75 million related to 2012 production and $9 million related to estimated 2013 production.

The following table summarizes the difference between income tax expense at the United States statutory rate of 35% and the income tax (benefit) expense at effective worldwide tax rates for the periods presented:

	Three Months Ended March 31,	
Millions of dollars	2013	2012
Earnings before income taxes	$190	$133
Income tax expense computed at United States statutory tax rate	$67	$47
U.S. government tax incentive - Energy Tax Credits	(84)	—
Foreign government tax incentive - BEFIEX	(6)	(4)
Other	(44)	(7)
Income tax (benefit) expense computed at effective worldwide tax rates	$(67)	$36

Over the next twelve months it is reasonably possible that we will settle unrecognized tax benefits totaling approximately $88 million associated with certain tax examinations and other events.

At the end of each interim period, we make our best estimate of the effective tax rate expected to be applicable for the full fiscal year and the impact of discrete items, if any, and adjust the quarterly rate as necessary.

(10) PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The following table summarizes the components of net periodic pension cost and the cost of other postretirement benefits for the periods presented:

	Three Months Ended March 31,					
	United States Pension Benefits		Foreign Pension Benefits		Other Postretirement Benefits	
Millions of dollars	2013	2012	2013	2012	2013	2012
Service cost	$—	$—	$2	$2	$1	$1
Interest cost	41	45	4	4	5	6
Expected return on plan assets	(48)	(48)	(3)	(2)	—	—
Amortization:						
Actuarial loss	16	11	2	1	—	—
Prior service credit	(1)	(1)	—	—	(10)	(12)
Settlement and curtailment loss	—	2	—	—	—	—
Net periodic benefit cost (credit)	$8	$9	$5	$5	$(4)	$(5)

(11) OPERATING SEGMENT INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance.

We identify such segments based upon geographical regions of operations because each operating segment manufactures home appliances and related components, but serves strategically different markets. The chief operating decision maker evaluates performance based upon each segment's operating income, which is defined as income before interest and sundry income (expense), interest expense, income taxes, noncontrolling interests, intangible asset impairment and restructuring costs. Total assets by segment are those assets directly associated with the respective operating activities. The "Other/Eliminations" column primarily includes corporate expenses, assets and eliminations, as well as restructuring costs and intangible asset impairments, if any. Intersegment sales are eliminated within each region except compressor sales out of Latin America, which are included in Other/Eliminations.

The tables below summarize performance by operating segment for the periods presented:

	Three Months Ended March 31,					
	OPERATING SEGMENTS					
Millions of dollars	North America	Latin America	EMEA	Asia	Other/ Eliminations	Total Whirlpool
Net sales						
2013	$2,235	$1,197	$668	$187	$(39)	$4,248
2012	2,239	1,259	687	202	(39)	4,348
Intersegment sales						
2013	72	41	18	53	(184)	—
2012	60	42	41	52	(195)	—
Depreciation and amortization						
2013	58	25	25	4	17	129
2012	67	25	24	5	30	151
Operating profit (loss)						
2013	218	130	(8)	3	(89)	254
2012	151	121	4	9	(81)	204
Total assets						
March 31, 2013	7,845	3,899	2,777	825	(15)	15,331
December 31, 2012	7,766	3,845	2,956	802	27	15,396
Capital expenditures						
2013	34	16	13	3	8	74
2012	48	18	11	7	8	92

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ABOUT WHIRLPOOL

Whirlpool Corporation ("Whirlpool") is the world's leading manufacturer of major home appliances with revenues of approximately $18 billion and net earnings available to Whirlpool of $401 million in 2012. We are a leading producer of major home appliances in North America and Latin America and have a significant presence in markets throughout Europe and in India. We have received worldwide recognition for accomplishments in a variety of business and social efforts, including leadership, diversity, innovative product design, business ethics, social responsibility and community involvement. We conduct our business through four reportable segments, which we define based on geography. Our reportable segments consist of North America, Latin America, EMEA (Europe, Middle East and Africa) and Asia. Our customer base includes large, sophisticated trade customers who have many choices and demand competitive products, services and prices. The major home appliance industry operates in an intensely competitive environment, reflecting the impact of both new and established global competitors, including Asian and European manufacturers.

We monitor country-specific economic factors such as gross domestic product, unemployment, consumer confidence, retail trends, housing starts and completions, sales of existing homes and mortgage interest rates as key indicators of industry demand. In addition to profitability, we also focus on country, brand, product and channel sales when assessing and forecasting financial results.

Our leading portfolio of brands includes: Whirlpool, Maytag, KitchenAid, Brastemp and Consul, each of which have annual revenues in excess of $1 billion. Our global branded consumer products strategy is to introduce innovative new products, increase brand customer loyalty, expand our presence in foreign markets, enhance our trade management platform, improve total cost and quality by expanding and leveraging our global operating platform and, where appropriate, make strategic acquisitions and investments.

As we grow revenues in our core products, our strategy is to extend our business by offering products and services that are dependent on and related to our core business and expand into adjacent products, such as Gladiator GarageWorks, through stand-alone businesses that leverage our core competencies and business infrastructure.

RESULTS OF OPERATIONS

The following table summarizes the consolidated results of operations for the periods presented:

	Three Months Ended March 31,			
Consolidated - Millions of dollars, except per share data	2013	2012	Change	
Net sales	$4,248	$4,348	(2.3	)%
Gross margin	726	650	11.6	%
Selling, general and administrative	421	405	(3.9	)%
Restructuring costs	42	34	(23.6	)%
Interest and sundry income (expense)	(18)	(17)	(4.7	)%
Interest expense	(46)	(54)	15.0	%
Income tax expense (benefit)	(67)	36	nm	
Net earnings available to Whirlpool	252	92	173.8	%
Diluted net earnings available to Whirlpool per share	$3.12	$1.17	166.1	%

nm: not meaningful

Consolidated Net Sales

The following tables summarize units sold and consolidated net sales by region for the periods presented:

	Three Months Ended March 31,		
Region	2013	2012	Change
North America	5,534	5,716	(3.2)%
Latin America	2,885	2,969	(2.8)%
EMEA	2,566	2,605	(1.5)%
Asia	857	922	(7.1)%
Consolidated	11,842	12,212	(3.0)%

	Three Months Ended March 31,		
Region	2013	2012	Change
North America	$2,235	$2,239	(0.2)%
Latin America	1,197	1,259	(4.9)%
EMEA	668	687	(2.8)%
Asia	187	202	(7.7)%
Other/eliminations	(39)	(39)	—
Consolidated	$4,248	$4,348	(2.3)%

Consolidated net sales for the three months ended March 31, 2013 decreased compared to the same period in 2012, primarily driven by lower units sold and the unfavorable impact of foreign currency, partially offset by favorable price/mix and higher BEFIEX credits. Excluding the impact of foreign currency and BEFIEX credits, consolidated net sales for the three months ended March 31, 2013 were comparable to the same period in 2012. We provide net sales, excluding the impact of foreign currency and BEFIEX credits, as a supplement to the change in net sales as determined by U.S. generally accepted accounting principles ("GAAP") to provide stockholders with a clearer basis to assess Whirlpool's results over time. This measure is considered a non-GAAP financial measure and is calculated by translating the current period net sales excluding BEFIEX, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales excluding BEFIEX.

Significant regional trends were as follows:

- North America net sales decreased 0.2% for the three months ended March 31, 2013 compared to the same period in 2012, reflecting improvements in product price/mix, which were offset by a decrease in units sold. Foreign currency did not have a significant impact on North America net sales compared to 2012.
- Latin America net sales decreased 4.9% for the three months ended March 31, 2013 compared to the same period in 2012, reflecting an unfavorable impact of foreign currency and lower units sold, partially offset by the favorable impact of product price/mix and higher BEFIEX credits. Excluding the impact of foreign currency and BEFIEX, net sales increased 2.2% for the three months ended March 31, 2013, compared to 2012.
- We monetized $16 million and $7 million of BEFIEX credits during the three months ended March 31, 2013 and 2012, respectively. At March 31, 2013, approximately $177 million of future cash monetization remained, including $59 million of related court awarded fees, which will be receivable in subsequent years.
- EMEA net sales decreased 2.8% for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to a decrease in units sold and unfavorable product price/mix. Foreign currency did not have a significant impact on EMEA net sales compared to 2012.
- Asia net sales decreased 7.7% for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to a decrease in units sold and the unfavorable impact of foreign currency, partially offset by favorable price/mix. Excluding the impact of foreign currency, net sales decreased 4.3% for the three months ended March 31, 2013, compared to 2012.

Gross Margin

The table below summarizes gross margin percentages by region:

	Three Months Ended March 31,					
Percentage of net sales	2013		2012		Change	
North America	17.3	%	14.1	%	3.2	% pts
Latin America	19.1	%	17.2	%	1.9	% pts
EMEA	11.4	%	11.8	%	(0.4)	% pts
Asia	17.4	%	18.0	%	(0.6)	% pts
Consolidated	17.1	%	15.0	%	2.1	% pts

The consolidated gross margin percentage increased for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to the favorable impact from improved product price/mix, restructuring initiatives and productivity, partially offset by higher material costs.

Significant regional trends were as follows:

- North America gross margin increased for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to favorable product price/mix, increased productivity and restructuring initiatives, partially offset by higher material costs.
- Latin America gross margin increased for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to favorable product price/mix and higher BEFIEX credits, partially offset by higher material costs.
- EMEA gross margin decreased for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to unfavorable price/mix and higher material costs, partially offset by productivity improvements and restructuring benefits.
- Asia gross margin decreased for the three months ended March 31, 2013 compared to the same period in 2012, primarily due to the unfavorable impact of higher material costs, partially offset by favorable product price/mix and productivity improvements.

Selling, General and Administrative

The following table summarizes selling, general and administrative expenses as a percentage of sales by region.

	Three Months Ended March 31,					
Millions of dollars	2013	As a % of Net Sales		2012	As a % of Net Sales	
North America	$161	7.2	%	$157	7.0	%
Latin America	98	8.2	%	96	7.6	%
EMEA	83	12.5	%	77	11.2	%
Asia	29	15.7	%	28	13.7	%
Corporate/other	50	—		47	—	
Consolidated	$421	9.9	%	$405	9.3	%

Consolidated selling, general and administrative expenses increased compared to 2012, primarily due to an increased investment in consumer advertising.

Restructuring

During the fourth quarter 2011, the Company committed to restructuring plans that will result in substantial cost and capacity reductions. We expect to incur approximately $500 million of total costs which began in the fourth quarter 2011 with substantial completion expected by the end of 2013.

We incurred restructuring charges of $42 million for the three months ended March 31, 2013 compared to $34 million for the comparable period in 2012. We expect to incur approximately $225 million of future cash expenditures related to the combined plans. Additional information about restructuring activities can be found in Note 8 of the Notes to the Consolidated Condensed Financial Statements.

Interest and Sundry Income (Expense)

Interest and sundry income (expense) for the three months ended March 31, 2013 was comparable to the same period in 2012.

Interest Expense

Interest expense for the three months ended March 31, 2013 decreased compared to the same periods in 2012, primarily due to lower average rates on long-term debt.

Income Taxes

The income tax benefit for the three months ended March 31, 2013 was $67 million, compared to income tax expense of $36 million in 2012. In January 2013, the “American Taxpayer Relief Act of 2012” was signed into law, of which the most significant impact to Whirlpool was the reinstatement of the United States energy tax credit for 2012 and 2013. The income tax benefit for the three months ended March 31, 2013 was primarily driven by United States energy tax credits of $75 million related to 2012 production and $9 million related to estimated 2013 production.

The following table summarizes the difference between income tax expense at the United States statutory rate of 35% and the income tax (benefit) expense at effective worldwide tax rates for the respective periods:

	Three Months Ended March 31,	
Millions of dollars	2013	2012
Earnings before income taxes	$190	$133
Income tax expense computed at United States statutory tax rate	$67	$47
U.S. government tax incentive - Energy Tax Credits	(84)	—
Foreign government tax incentive - BEFIEX	(6)	(4)
Other	(44)	(7)
Income tax (benefit) expense computed at effective worldwide tax rates	$(67)	$36

FORWARD-LOOKING PERSPECTIVE

We currently estimate earnings per diluted share, free cash flow and industry demand for 2013 to be within the following ranges:

Millions of dollars, except per share data	2013 Current Outlook		
Estimated earnings per diluted share, for the year ending December 31, 2013	$9.80	—	$10.30
Including:			
BEFIEX credits	$0.81		
Restructuring expense	$(1.75)		
U.S. Energy Tax Credits[1]	$1.50		
Industry demand			
North America	2%	—	3%
Latin America	3%	—	5%
EMEA	0%	—	0%
Asia	3%	—	5%

[1] 2013 Outlook includes the expected impact of the U.S. Energy Tax Credits earned in 2012 and 2013. The benefit earned for both years will be recognized in 2013.

For the full-year 2013, we expect to generate free cash flow between $600 million and $650 million, including restructuring cash outlays of up to $245 million, capital spending of $600 million to $650 million and U.S. pension contributions of up to $140 million.

The table below reconciles projected 2013 cash provided by operations determined in accordance with United States GAAP to free cash flow, a non-GAAP measure. Management believes that free cash flow provides stockholders with a relevant measure of liquidity and a useful basis for assessing Whirlpool's ability to fund its activities and obligations. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures whose calculations may differ from our calculations. We define free cash flow as cash provided by (used in) continuing operations after capital expenditures and proceeds from the sale of assets and businesses.

Millions of dollars	2013 Current Outlook		
Cash provided by operating activities	$1,200	—	$1,300
Capital expenditures and proceeds from sale of assets/businesses	(600)	—	(650)
Free cash flow	$600	—	$650

The projections above are based on many estimates and are inherently subject to change based on future decisions made by management and the Board of Directors of Whirlpool, significant economic, competitive and other uncertainties and contingencies.

FINANCIAL CONDITION AND LIQUIDITY

Our objective is to finance our business through operating cash flow and the appropriate mix of long-term and short-term debt. By diversifying the maturity structure, we avoid concentrations of debt, reducing liquidity risk. We have varying needs for short-term working capital financing as a result of the nature of our business. We regularly review our capital structure and liquidity priorities, which include funding the business through capital and engineering spending to support innovation and productivity initiatives, funding our pension plan and term debt liabilities, return to shareholders and potential acquisitions in our core business and/or strategic adjacent business opportunities. In March 2013, S&P upgraded Whirlpool's credit rating to BBB, providing further evidence that our priorities are aligned with our goal to return our credit ratings to pre-recession levels with our rating agencies.

We continue to operate under uncertain and volatile global economic conditions, experiencing higher material costs, recessionary demand levels in developed markets and slowing growth in emerging markets. We believe that our recent cost and capacity reductions will allow us to generate operating cash flow, together with access to sufficient sources of liquidity, that will be adequate to meet our ongoing requirements to fund our operations.

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For 2013, our short term potential uses of liquidity include funding $600 million to $650 million of capital spending, up to $245 million related to our restructuring activities and up to $140 million for our United States pension plans. At March 31, 2013, we had no borrowings outstanding under committed credit facilities and we were in compliance with financial covenants for all periods presented.

We monitor the credit ratings and market indicators of credit risk of our lending, depository and derivative counterparty banks regularly. In addition, we diversify our deposits and investments in short term cash equivalents to limit the concentration of exposure by counterparty.

We continue to monitor the general financial instability and uncertainty throughout Europe. At March 31, 2013, we had cash, cash equivalents and third-party receivables of approximately $260 million in Italy and $170 million in Germany, which were the only countries in Europe with exposures for cash, cash equivalents and third party receivables greater than 1% of our consolidated assets. At March 31, 2013, we had $116 million in outstanding trade and other receivables associated with Alno AG, a long-standing European customer and affiliate. As previously announced, Alno is taking steps to strengthen their financial position. In April 2013, we agreed to convert approximately $38 million of past due receivables into a note receivable, at a fair market interest rate, with $13 million due in 2014 and $25 million due in 2017. This action was taken to further strengthen Alno's financial position and Alno's next step is to secure additional long-term financing in 2013. This transaction is not expected to have a material impact on our results of operations based on our assessment of the fair value of the receivables.

Sources and Uses of Cash

The following table summarizes the net decrease in cash and equivalents for the periods presented.

	Three Months Ended March 31,	
Millions of dollars	2013	2012
Cash used in:		
Operating activities	$(305)	$(423)
Investing activities	(97)	(92)
Financing activities	(14)	(34)
Effect of exchange rate changes on cash	(2)	23
Net decrease in cash and equivalents	$(418)	$(526)

Cash Flows from Operating Activities

The decrease in cash used by operations for the three months ended March 31, 2013 compared to the same period in 2012 primarily reflects a $275 million payment in January 2012 related to the settlement of the Brazilian collection dispute that did not recur in 2013 and lower contributions to our United States pension plans, partially offset by higher cash usage for working capital.

The timing of cash flows from operations varies significantly within a quarter primarily due to changes in production levels, sales patterns, promotional programs, funding requirements as well as receivable and payment terms. Dependent on timing of cash flows, the location of cash balances, as well as the liquidity requirements of each country, external sources of funding may be used to support working capital requirements. Due to the variables discussed above, cash flow used in operations during the quarter may significantly exceed our quarter-end balances.

Cash Flows from Investing Activities

Cash used in investing activities during the three months ended March 31, 2013 was comparable to the same period in 2012.

Cash Flows from Financing Activities

Cash used in financing activities during the three months ended March 31, 2013 decreased $20 million from the prior year to $14 million, primarily due to higher cash proceeds received from the exercise of employee stock options. In addition, we repaid $500 million of maturing debt during the first quarter 2013 through the issuance of a $250 million 10 year note and a $250 million 30 year note. At March 31, 2013, we had no commercial paper borrowings outstanding.

Dividends

In April 2013, we announced an increase in our quarterly dividend on our common stock to 62.5 cents per share from 50 cents per share.

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Off-Balance Sheet Arrangements

In the ordinary course of business, we enter into agreements with financial institutions to issue bank guarantees, letters of credit and surety bonds. These agreements are primarily associated with debt agreements, unresolved tax matters in Brazil, as is customary under local regulations, and other governmental obligations. At March 31, 2013 we had approximately $470 million outstanding under these agreements.

OTHER MATTERS

Embraco Antitrust Matters

Beginning in February 2009, our compressor business headquartered in Brazil ("Embraco") was notified of investigations of the global compressor industry by government authorities in various jurisdictions. In 2012, Embraco sales represented approximately 8% of our global net sales.

Government authorities in Brazil, Europe, the United States, and other jurisdictions have entered into agreements with Embraco and concluded their investigations of the Company. In connection with these agreements, Embraco has acknowledged violations of antitrust law with respect to the sale of compressors at various times from 2004 through 2007 and agreed to pay fines or settlement payments.

Since the government investigations commenced in February 2009, Embraco has been named as a defendant in related antitrust lawsuits in various jurisdictions seeking damages in connection with the pricing of compressors from 1996 to 2009. Several other compressor manufacturers who are the subject of the government investigations have also been named as defendants in the antitrust lawsuits. United States federal lawsuits instituted on behalf of purported “direct” and “indirect” purchasers and containing class action allegations have been combined in one proceeding in the United States District Court for the Eastern District of Michigan (“Michigan Lawsuit”). Other lawsuits are also pending and additional lawsuits may be filed by purported purchasers.

On February 12, 2013, Embraco entered into a settlement agreement with plaintiffs representing a proposed settlement class of direct purchasers of compressors in the Michigan Lawsuit. The settlement agreement, which is subject to court approval, provides for, among other things, the payment by Embraco of up to $30 million in exchange for a release by all settlement class members. The settlement agreement, which was accrued for as of December 31, 2012, does not cover any claims by direct purchasers which opt out of the proposed settlement class and the settlement amount will be reduced if there are opt-outs. The settlement agreement does not cover claims by “indirect purchaser” plaintiffs in the Michigan Lawsuit, which remain pending.

In connection with these agreements and other Embraco antitrust matters, we have incurred, in the aggregate, charges of approximately $360 million, including fines, defense costs and other expenses. These charges have been recorded within interest and sundry income (expense). At March 31, 2013, $111 million remains accrued, with installment payments of $74 million, plus interest, remaining to be made to government authorities at various times through 2015.

We continue to work toward resolution of ongoing government actions in other jurisdictions, to defend the related antitrust lawsuits and to take other steps to minimize our potential exposure. The final outcome and impact of these matters, and any related claims and investigations that may be brought in the future are subject to many variables, and cannot be predicted. We establish accruals only for those matters where we determine that a loss is probable and the amount of loss can be reasonably estimated. While it is currently not possible to reasonably estimate the aggregate amount of costs which we may incur in connection with these matters, such costs could have a material adverse effect on our financial position, liquidity, or results of operations.

Brazil Tax Matters

Relying on existing Brazilian legal precedent, in 2003 and 2004, we recognized tax credits in an aggregate amount of $26 million, adjusted for currency, on the purchase of raw materials used in production (“IPI tax credits”). The Brazilian tax authority subsequently challenged the recording of IPI tax credits. No credits have been recognized since 2004. In 2009, we entered into a special Brazilian government program which provided extended payment terms and reduced penalties and interest to encourage tax payers to resolve this and certain other disputed tax credit amounts. As permitted by the program, we elected to settle certain debts through the use of other existing tax credits and recorded charges of approximately $34 million in 2009 associated with these matters. In July 2012, the Brazilian revenue authority notified us that a portion of our proposed settlement was rejected and we received tax assessments of 187 million Brazilian reais (equivalent to $93 million) in 2013, reflecting the original assessment, plus interest and penalties. We are disputing these assessments and we intend to vigorously defend our position. Based on our analysis

of the facts, including the opinion of our legal advisors, we have not recorded a reserve related to these matters.

We are currently disputing other assessments issued by the Brazilian tax authorities related to non-income and income tax matters. These matters are at various stages of review in numerous administrative and judicial proceedings. We routinely assess these matters and record our best estimate of loss in situations where we assess the likelihood of an ultimate loss to be probable. We believe these assessments are without merit and are vigorously defending our positions, however, each of these matters may take several years to resolve and the outcome of litigation is inherently unpredictable.

BEFIEX Credits

In previous years, our Brazilian operations earned tax credits under the Brazilian government’s export incentive program (BEFIEX). These credits reduced Brazilian federal excise taxes on domestic sales, resulting in an increase in the operations’ recorded net sales. We recognize export credits as they are monetized, based on a favorable court decision in 2005, which was upheld by a December 2011 appellate court decision, however, future actions by the Brazilian government could limit our ability to monetize these export credits.

Our Brazilian operations have received governmental assessments related to claims for income and social contribution taxes associated with BEFIEX credits monetized from 2000 through 2002 and 2007 through 2011. We do not believe BEFIEX export credits are subject to income or social contribution taxes. We are disputing these tax matters in various courts and intend to vigorously defend our positions. We have not provided for income or social contribution taxes on these export credits, and based on the opinions of tax and legal advisors, we have not accrued any amount related to these assessments as of March 31, 2013. As of March 31, 2013, the total amount of outstanding tax assessments for income and social contribution taxes relating to the BEFIEX credits, including interest and penalties, is approximately 1.2 billion Brazilian reais (equivalent to $600 million).

Litigation is inherently unpredictable and the conclusion of these matters may take many years to ultimately resolve, during which time the amounts related to these assessments will continue to be increased by monetary adjustments at the Selic rate, which is the benchmark rate set by the Brazilian Central Bank. Accordingly, it is possible that an unfavorable outcome in these proceedings could have a material adverse effect on our financial position, liquidity, or results of operations in any particular reporting period.

Other Litigation

We are currently defending against numerous lawsuits pending in federal and state courts in the United States and various jurisdictions in Canada relating to certain of our front load washing machines. Some of these lawsuits have been certified for treatment as class actions. The complaints in these lawsuits generally allege violations of state consumer fraud acts, unjust enrichment, and breach of warranty. The complaints generally seek unspecified compensatory, consequential and punitive damages. We believe these suits are without merit and are vigorously defending them. Given the preliminary stage of these proceedings, the Company cannot reasonably estimate a possible range of loss, if any, at this time. The resolution of one or more of these matters could have a material adverse effect on our Consolidated Condensed Financial Statements.

In addition, we are currently defending a number of other lawsuits in federal and state courts in the United States related to the manufacturing and sale of our products which include class action allegations. These lawsuits allege claims which include breach of contract, breach of warranty, product defect, fraud, violation of federal and state consumer protection acts and negligence. We do not have insurance coverage for class action lawsuits. We are also involved in various other legal actions arising in the normal course of business, for which insurance coverage may or may not be available depending on the nature of the action. We dispute the merits of these suits and actions, and intend to vigorously defend them. Management believes, based upon its current knowledge, after taking into consideration legal counsel's evaluation of such suits and actions, and after taking into account current litigation accruals, that the outcome of these matters currently pending against Whirlpool should not have a material adverse effect, if any, on our Consolidated Financial Statements.

Antidumping Petitions

In March 2011, we filed antidumping and countervailing duty petitions against bottom-mount refrigerators from South Korea and an antidumping petition against the same product from Mexico. The Whirlpool products affected by this case are made in Amana, Iowa. In March 2012, the U.S. Department of Commerce ("DOC") issued favorable final determinations in which it found that several Korean and Mexican producers had engaged in dumping and that certain

Korean producers received countervailable government subsidies. In April 2012, the U.S. International Trade Commission ("ITC") reached an unfavorable final determination that dumped and subsidized imports were not a cause of material injury to domestic producers, and therefore trade remedies were not imposed on the subject imports. We disagree with the ITC's decision and we have filed an appeal with the U.S. Court of International Trade. Timing of the ultimate resolution depends on many factors and is, therefore, uncertain.

In December 2011, we filed petitions requesting that the DOC and the ITC initiate antidumping and countervailing duty investigations against large residential washers from South Korea, and an antidumping investigation against the same products from Mexico. The Whirlpool products affected by this case are made in Clyde, Ohio. In December 2012, the DOC issued a final determination in which it found that several Korean and Mexican producers had engaged in dumping and that certain Korean producers received countervailable government subsidies. In January 2013, the ITC unanimously determined that dumped and subsidized imports caused material injury to domestic producers. Final orders were issued by the DOC in February 2013. As a result, certain Korean and Mexican producers are required to pay cash deposits on large residential washers imported into the United States based on the estimated dumping and countervailing duty margins determined by the DOC in the investigation. The ultimate amount of dumping and countervailing duties owed by importers will be determined by the DOC through administrative review procedures over the next several years.

Conflict Minerals

In August 2012, the SEC issued final rules requiring disclosure of the use of conflict minerals (tantalum, tin, tungsten and gold) originating in the Democratic Republic of Congo and adjoining countries. We are currently analyzing whether conflict minerals are necessary to the functionality or production of our products and if so, the most efficient and effective means of complying with the due diligence and reporting requirements of the rules. The first disclosure reporting period is for the 2013 calendar year, with a final report to be filed no later than May 31, 2014.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our exposures to market risk since December 31, 2012.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

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

Prior to filing this report, we completed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2013.

(b) Changes in internal control over financial reporting.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information with respect to legal proceedings can be found under the heading “Commitments and Contingencies” in Note 5 to the Consolidated Condensed Financial Statements contained in Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2012. The risk factors disclosed in our Annual Report on Form 10-K, in addition to the other information set forth in this report, could materially affect our business, financial condition or results. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition or results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit 31.1	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WHIRLPOOL CORPORATION
(Registrant)

By /s/ LARRY M. VENTURELLI
Name: Larry M. Venturelli
Title: Executive Vice President
and Chief Financial Officer

April 24, 2013