

## EXAM SUPPLEMENT

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## Chart of Accounts

Use the following accounts for all exam entries. Use the most specific account listed. **Use an accrued liability when an invoice has NOT been received and accounts payable when an invoice has been received.**

### ASSETS

#### Current

Cash
Accounts receivable, gross
Allowance for bad debt (contra asset)
Inventories, gross
Work-in-process inventories (WIP)
Parts inventories
Finished goods inventories
Allowance for inventory obsolescence (contra asset)
Prepaid expenses

#### Noncurrent

PP&E historical cost
PP&E accumulated depreciation
Goodwill

### LIABILITIES

#### Current

Accounts payable
Accrued liabilities
Dividends payable
Current portion of long-term debt
Deferred revenues

#### Current and Noncurrent

Fictitious account for outsiders to record entries using footnote information.

Accrued warranty allowance (current and noncurrent)
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#### Noncurrent

Long-term debt
Other long-term liabilities

### OWNERS' EQUITY

#### Permanent

Common stock
Treasury stock (contra owners' equity)
Noncontrolling interest
Retained earnings
Accumulated other comprehensive income

#### Net income

Revenues, net
Cost of sales
Selling, general, and administrative expense
Bad debts expense
Goodwill impairment
Interest income
Gain on sale of PP&E
Loss on sale of PP&E
Income summary

	ASSETS											LIABILITIES											OWNERS' EQUITY										
	Current						Non-current					Current						Permanent					Net Income										
	C	AR	Inven	PreEx	PP&E	AcDep	PP&E	AcDep	AP	AcTx	OacLb	DefRv	CC	RE	RvSer	RvPrd	Cgs	SG&A	DepEx	TaxEx	IncSm												
31-Dec-11	\$660	\$450	\$550	\$140	\$1,050	\$150		\$350	\$60	\$500	\$250	\$780	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
E3 Purchase products on account			+700					+700																									
E4 Collect amounts due from customers	+600	-600																															
E5 Pay invoices due	-350							-350																									
E6 Sell services for cash	+700										+700																						
E7 Prepay expenses with cash	-250			+250																													
E8a Recognize products revenue	+1,000	+500													+1,500																		
E8b Recognize cost of sold products			-900													+900																	
E9 Pay previously accrued taxes	-10								-10																								
E10 Pay previous expenses not invoiced	-200									-200																							
E11 Receive invoices previously expensed								+300		-300																							
E12 Recognize SG&A expense (period)	-25							+100									+125																
E13 Recognize SG&A expense (adjusting)				-200						+90							+290																
E14 Recognize depreciation expense																		+25															
E15 Recognize previously deferred revenue											-90																						
E16 Accrue tax expense									+10																								
Net cash from operations	+1,465	-100	-200	+50	+0	+25	+750	+0	+0	-410	+610	+0	+0	+90	+1,500	+900	+415	+25	+10	+0													
E2 Purchase PP&E	-2,300				+2,300																												
Net cash from investing activities	-2,300	+0	+0	+0	+2,300	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0												
E1 Issue common stock	+2,000											+2,000																					
Net cash from financing activities	+2,000	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+2,000	+0	+0	+0	+0	+0	+0	+0	+0	+0												
Trial balance	\$1,815	\$350	\$350	\$190	\$3,350	\$175	\$1,100	\$60	\$90	\$860	\$2,780	\$750	\$90	\$90	\$1,500	\$900	\$415	\$25	\$10	\$0													
c1 Close to Income summary																																	
c2 Close from Income summary																																	
31-Dec-12	\$1,815	\$350	\$350	\$190	\$3,350	\$175	\$1,100	\$60	\$90	\$860	\$2,780	\$990	\$240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												

**CHART OF ACCOUNTS**

<b>ASSETS</b>	<b>Current</b>	Cash
	C	Accounts receivable
	AR	Inventory
	Inven	Prepaid expenses
	PreEx	Property, plant & equipment at cost
<b>Noncurrent</b>	PP&E	Accumulated depreciation
	AcDep	
<b>LIABILITIES</b>	<b>Current</b>	Accounts payable
	AP	Other accrued liabilities
	OacLb	Deferred revenues
	DefRv	
<b>OWNERS' EQUITY</b>	<b>Permanent</b>	Contributed capital
	CC	Retained earnings
	RE	Services revenues
<b>Temporary</b>	RvSer	Products revenues
	RvPrd	Cost of products sold
	Cgs	Sales, general & administrative
	SG&A	Depreciation expense
	DepEx	Tax expense
	TaxEx	Income summary
	IncSm	

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Statement of Operations**  
(in thousands of Canadian dollars, except per share data)

	Year ended		
	January 1, 2012	January 2, 2011	January 3, 2010
<b>Revenues</b>			
Sales	\$2,012,170	\$1,755,244	\$1,704,065
Franchise revenues			
Rents and royalties	733,217	687,039	644,755
Franchise fees	107,579	94,212	90,033
	<u>840,796</u>	<u>781,251</u>	<u>734,788</u>
<b>Total revenues</b>	<u>2,852,966</u>	<u>2,536,495</u>	<u>2,438,853</u>
<b>Costs and expenses</b>			
Cost of sales	1,774,107	1,527,405	1,464,844
Operating expenses	259,098	246,335	236,784
Franchise fee costs	104,884	91,743	86,903
General and administrative expenses	161,444	147,300	141,739
Equity (income) (note 12)	(14,354)	(14,649)	(13,700)
Asset impairment and closure costs, net (note 3)	372	28,298	0
Other (income), net	(2,060)	(1,100)	(3,319)
<b>Total costs and expenses, net</b>	<u>2,283,491</u>	<u>2,025,332</u>	<u>1,913,251</u>
Gain on sale of interest in Maidstone Bakeries (note 4)	0	361,075	0
<b>Operating income</b>	569,475	872,238	525,602
Interest (expense)	(30,000)	(26,642)	(21,134)
Interest income	4,127	2,462	1,950
<b>Income before income taxes</b>	543,602	848,058	506,418
<b>Income taxes (note 7)</b>	157,854	200,940	186,606
<b>Net income</b>	<u>385,748</u>	<u>647,118</u>	<u>319,812</u>
<b>Net income attributable to noncontrolling interests</b>	2,936	23,159	23,445
<b>Net income attributable to Tim Hortons Inc.</b>	<u>\$ 382,812</u>	<u>\$ 623,959</u>	<u>\$ 296,367</u>
<b>Basic earnings per common share attributable to Tim Hortons Inc. (note 2)</b>	<u>\$ 2.36</u>	<u>\$ 3.59</u>	<u>\$ 1.64</u>
<b>Diluted earnings per common share attributable to Tim Hortons Inc. (note 2)</b>	<u>\$ 2.35</u>	<u>\$ 3.58</u>	<u>\$ 1.64</u>
<b>Weighted average number of common shares outstanding – Basic (in thousands) (note 2)</b>	<u>162,145</u>	<u>174,035</u>	<u>180,477</u>
<b>Weighted average number of common shares outstanding – Diluted (in thousands) (note 2)</b>	<u>162,597</u>	<u>174,215</u>	<u>180,609</u>
<b>Dividends per common share</b>	<u>\$ 0.68</u>	<u>\$ 0.52</u>	<u>\$ 0.40</u>

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Statement of Comprehensive Income**  
(in thousands of Canadian dollars)

	Year ended		
	January 1, 2012	January 2, 2011	January 3, 2010
<b>Net income</b>	\$385,748	\$647,118	\$319,812
<b>Other comprehensive income (loss)</b>			
Translation adjustments gain (loss)	9,634	(22,073)	(62,340)
Unrealized gains (losses) from cash flow hedges (note 15):			
Net gain (loss) from change in fair value of derivatives	2,242	(8,412)	(11,152)
Amount of net loss reclassified to earnings during the year	3,496	6,957	8,779
Total net cash flow hedges	<u>5,738</u>	<u>(1,455)</u>	<u>(2,373)</u>
Total other comprehensive income (loss)	<u>15,372</u>	<u>(23,528)</u>	<u>(64,713)</u>
Total comprehensive income	\$401,120	\$623,590	\$255,099
Total comprehensive income attributable to noncontrolling interests	2,936	23,159	23,445
<b>Total comprehensive income attributable to Tim Hortons Inc.</b>	<u>\$398,184</u>	<u>\$600,431</u>	<u>\$231,654</u>

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
(in thousands of Canadian dollars)

	As at	
	January 1, 2012	January 2, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 126,497	\$ 574,354
Restricted cash and cash equivalents	130,613	67,110
Restricted investments	0	37,970
Accounts receivable, net (note 5)	173,667	182,005
Notes receivable, net (note 6)	10,144	12,543
Deferred income taxes (note 7)	5,281	7,025
Inventories and other, net (note 8)	136,999	100,712
Advertising fund restricted assets (note 21)	37,765	27,402
<b>Total current assets</b>	<b>620,966</b>	<b>1,009,121</b>
<b>Property and equipment, net (note 9)</b>	<b>1,463,765</b>	<b>1,373,670</b>
<b>Intangible assets, net (note 10)</b>	<b>4,544</b>	<b>5,270</b>
<b>Notes receivable, net (note 6)</b>	<b>3,157</b>	<b>3,811</b>
<b>Deferred income taxes (note 7)</b>	<b>12,197</b>	<b>13,730</b>
<b>Equity investments (note 12)</b>	<b>43,014</b>	<b>44,767</b>
<b>Other assets (note 11)</b>	<b>56,307</b>	<b>31,147</b>
<b>Total assets</b>	<b>\$ 2,203,950</b>	<b>\$ 2,481,516</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable (note 13)	\$ 177,918	\$ 142,444
Accrued liabilities:		
Salaries and wages	23,531	20,567
Taxes	26,465	65,654
Other (note 13)	179,315	209,663
Deferred income taxes (note 7)	0	2,205
Advertising fund restricted liabilities (note 21)	59,420	41,026
Current portion of long-term obligations	10,001	9,937
<b>Total current liabilities</b>	<b>476,650</b>	<b>491,496</b>
<b>Long-term obligations</b>		
Long-term debt (note 14)	352,426	344,726
Capital leases (note 16)	94,863	82,685
Deferred income taxes (note 7)	4,608	8,237
Other long-term liabilities (note 13)	120,970	111,930
<b>Total long-term obligations</b>	<b>572,867</b>	<b>547,578</b>
<b>Commitments and contingencies (note 17)</b>		
<b>Equity</b>		
<b>Equity of Tim Hortons Inc.</b>		
Common shares (\$2.84 stated value per share). Authorized: unlimited shares. Issued 157,814,980 and 170,664,295, respectively (note 18)	447,558	484,050
Common shares held in Trust, at cost: 277,189 and 278,082 shares, respectively (note 18)	(10,136)	(9,542)
Contributed surplus	6,375	0
Retained earnings	836,968	1,105,882
Accumulated other comprehensive loss	(128,217)	(143,589)
<b>Total equity of Tim Hortons Inc.</b>	<b>1,152,548</b>	<b>1,436,801</b>
<b>Noncontrolling interests</b>	<b>1,885</b>	<b>5,641</b>
<b>Total equity</b>	<b>1,154,433</b>	<b>1,442,442</b>
<b>Total liabilities and equity</b>	<b>\$ 2,203,950</b>	<b>\$ 2,481,516</b>

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
(in thousands of Canadian dollars)

	Year ended		
	January 1, 2012	January 2, 2011	January 3, 2010
<b>Cash flows provided from (used in) operating activities</b>			
Net income	\$ 385,748	\$ 647,118	\$ 319,812
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	115,869	118,385	113,475
Asset impairment (note 3)	1,850	18,352	0
Stock-based compensation expense	17,323	14,263	8,869
Amortization of Maidstone Bakeries' supply contract (note 13)	(8,253)	(1,325)	0
Deferred income taxes	(5,433)	1,285	25,491
Changes in operating assets and liabilities			
Restricted cash and cash equivalents	(63,264)	(6,920)	789
Accounts receivable	2,099	(10,923)	(11,432)
Inventories and other	(32,057)	(29,275)	(329)
Accounts payable and accrued liabilities	349	104,829	(20,177)
Taxes	(39,197)	40,715	(317)
Gain on sale of interest in Maidstone Bakeries (note 4)	0	(361,075)	0
Other, net	16,433	(9,885)	6,441
<b>Net cash provided from operating activities</b>	<u>391,467</u>	<u>525,544</u>	<u>442,622</u>
<b>Cash flows (used in) provided from investing activities</b>			
Capital expenditures (including Advertising Fund (note 21))	(181,267)	(132,912)	(160,458)
Purchase of restricted investments	0	(37,832)	(20,136)
Proceeds from sale of restricted investments	38,000	20,240	0
Proceeds from sale of interest in Maidstone Bakeries (note 4)	0	475,000	0
Cash and cash equivalents of Maidstone Bakeries divested	0	(30,411)	0
Other investing activities	(9,460)	1,934	(19,719)
<b>Net cash (used in) provided from investing activities</b>	<u>(152,727)</u>	<u>296,019</u>	<u>(200,313)</u>
<b>Cash flows (used in) provided from financing activities</b>			
Purchase of treasury stock	0	0	(16,701)
Purchase of common shares (note 18)	(572,452)	(242,595)	(113,401)
Dividend payments to common shareholders	(110,187)	(90,304)	(72,506)
Distributions, net to noncontrolling interests	(6,692)	(22,524)	(29,179)
Proceeds from issuance of debt, net of issuance costs	3,699	300,823	3,507
Principal payments on long-term debt obligations	(8,586)	(307,023)	(6,582)
Other financing activities	6,398	(4,005)	1,420
<b>Net cash used in financing activities</b>	<u>(687,820)</u>	<u>(365,628)</u>	<u>(236,052)</u>
<b>Effect of exchange rate changes on cash</b>	<u>1,223</u>	<u>(3,234)</u>	<u>(9,321)</u>
<b>(Decrease) Increase in cash and cash equivalents</b>	<u>(447,857)</u>	<u>452,701</u>	<u>(3,064)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>574,354</u>	<u>121,653</u>	<u>124,717</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 126,497</u>	<u>\$ 574,354</u>	<u>\$ 121,653</u>

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Statement of Equity**  
**(in thousands of Canadian dollars)**

	Year ended		
	January 1, 2012	January 2, 2011	January 3, 2010
<b>Common shares</b>			
Balance at beginning of year	\$ 484,050	\$ 502,872	\$ 0
Converted from common stock (note 18)	0	0	513,318
Repurchase of common shares (note 18)	(36,492)	(18,822)	(10,446)
Balance at end of year	<u>\$ 447,558</u>	<u>\$ 484,050</u>	<u>\$ 502,872</u>
<b>Common stock</b>			
Balance at beginning of year	\$ 0	\$ 0	\$ 289
Converted to common shares (note 18)	0	0	(289)
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Capital in excess of par value</b>			
Balance at beginning of year	\$ 0	\$ 0	\$ 929,102
Stock-based compensation	0	0	(322)
Converted to common shares (note 18)	0	0	(928,780)
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Treasury stock</b>			
Balance at beginning of year	\$ 0	\$ 0	\$ (399,314)
Purchased during the year (note 18)	0	0	(16,701)
Reissued during the year	0	0	264
Cancelled and retired during the year	0	0	415,751
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Common shares held in Trust</b>			
Balance at beginning of year	\$ (9,542)	\$ (9,437)	\$ (12,287)
Purchased during the year (note 18)	(2,797)	(3,252)	(713)
Disbursed or sold from Trust during the year (notes 18)	2,203	3,147	3,563
Balance at end of year	<u>\$ (10,136)</u>	<u>\$ (9,542)</u>	<u>\$ (9,437)</u>
<b>Contributed surplus</b>			
Balance at beginning of year	\$ 0	\$ 0	\$ 0
Stock-based compensation	6,375	0	0
Balance at end of year	<u>\$ 6,375</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Retained earnings</b>			
Balance at beginning of year	\$1,105,882	\$ 796,235	\$ 677,550
Net income attributable to Tim Hortons Inc.	382,812	623,959	296,367
Dividends	(110,187)	(90,304)	(72,506)
Stock-based compensation	(5,579)	(235)	(2,221)
Repurchase of common shares—excess of stated value (note 18)	(535,960)	(223,773)	(102,955)
Balance at end of year	<u>\$ 836,968</u>	<u>\$1,105,882</u>	<u>\$ 796,235</u>
<b>Accumulated other comprehensive loss</b>			
Balance at beginning of year	\$ (143,589)	\$ (120,061)	\$ (55,348)
Other comprehensive income (loss)	15,372	(23,528)	(64,713)
Balance at end of year	<u>\$ (128,217)</u>	<u>\$ (143,589)</u>	<u>\$ (120,061)</u>
<b>Total equity of Tim Hortons Inc.</b>	<u>\$1,152,548</u>	<u>\$1,436,801</u>	<u>\$1,169,609</u>
<b>Noncontrolling interests</b>			
Balance at beginning of year	\$ 5,641	\$ 86,077	\$ 91,811
Net income attributable to noncontrolling interests.	2,936	23,159	23,445
Sale of interest in Maidstone Bakeries	0	(81,071)	0
Distributions, net	(6,692)	(22,524)	(29,179)
Balance at end of year	<u>\$ 1,885</u>	<u>\$ 5,641</u>	<u>\$ 86,077</u>
<b>Total equity</b>	<u>\$1,154,433</u>	<u>\$1,442,442</u>	<u>\$1,255,686</u>

**TIM HORTONS INC. AND SUBSIDIARIES**  
**Consolidated Statement of Equity—Number of Common Shares of Tim Hortons Inc.**  
(in thousands of common shares)

	Year ended		
	January 1, 2012	January 2, 2011	January 3, 2010
<b>Common shares</b>			
Balance at beginning of year	170,664	177,319	0
Converted from common stock (note 18)	0	0	180,997
Repurchased during the year (note 18)	(12,849)	(6,655)	(3,678)
Balance at end of year	<u>157,815</u>	<u>170,664</u>	<u>177,319</u>
<b>Common stock</b>			
Balance at beginning of year	0	0	193,303
Converted to common shares (note 18)	0	0	(193,303)
Balance at end of year	<u>0</u>	<u>0</u>	<u>0</u>
<b>Treasury stock</b>			
Balance at beginning of year	0	0	(11,754)
Purchased during the year (note 18)	0	0	(560)
Reissued during the year	0	0	8
Cancelled and retired during the year (note 18)	0	0	12,306
Balance at end of year	<u>0</u>	<u>0</u>	<u>0</u>
<b>Common shares held in Trust</b>			
Balance at beginning of year	(278)	(279)	(358)
Purchased during the year (note 18)	(61)	(91)	(25)
Disbursed or sold from Trust during year (notes 18)	62	92	104
Balance at end of year	<u>(277)</u>	<u>(278)</u>	<u>(279)</u>
<b>Common shares issued and outstanding</b>	<u>157,538</u>	<u>170,386</u>	<u>177,040</u>



**TIM HORTONS INC. AND SUBSIDIARIES**  
**SCHEDULE II**  
**TO CONSOLIDATED FINANCIAL STATEMENTS—VALUATION AND QUALIFYING ACCOUNTS**  
**(in thousands)**

<u>Classification</u>	<u>Balance at Beginning of Year</u>	<u>Charged (Credited) to Costs &amp; Expenses</u>	<u>Additions (Deductions)</u>	<u>Balance at End of Year</u>
<b>Fiscal year ended January 1, 2012:</b>				
Deferred tax asset valuation allowance	\$ 37,471	\$ 2,226	\$ 797	\$ 40,494
Allowance for doubtful accounts and notes	1,484	4,651	(2,896)	3,239
Inventory reserve	1,052	689	(897)	844
	<u>\$ 40,007</u>	<u>\$ 7,519</u>	<u>\$ (2,949)</u>	<u>\$ 44,577</u>
<b>Fiscal year ended January 2, 2011:</b>				
Deferred tax asset valuation allowance	\$ 58,639	\$(18,938)	\$ (2,230)	\$ 37,471
Allowance for doubtful accounts and notes	1,794	684	(994)	1,484
Inventory reserve	2,181	36	(1,165)	1,052
	<u>\$ 62,614</u>	<u>\$(18,218)</u>	<u>\$ (4,389)</u>	<u>\$ 40,007</u>
<b>Fiscal year ended January 3, 2010:</b>				
Deferred tax asset valuation allowance	\$ 62,191	\$ 4,703	\$ (8,255)	\$ 58,639
Allowance for doubtful accounts and notes	2,125	423	(754)	1,794
Inventory reserve	1,402	1,338	(559)	2,181
	<u>\$ 65,718</u>	<u>\$ 6,464</u>	<u>\$ (9,568)</u>	<u>\$ 62,614</u>

Year-end balances are reflected in the Consolidated Balance Sheets as follows:

	<u>2011</u>	<u>2010</u>
Valuation allowance, deferred income taxes	\$40,494	\$37,471
Deducted from accounts receivable and notes receivable, net	3,239	1,484
Deducted from inventories and other, net	844	1,052
	<u>\$44,577</u>	<u>\$40,007</u>

**NOTE 8 INVENTORIES AND OTHER, NET**

Inventories and other, net include the following as at January 1, 2012 and January 2, 2011:

	<u>2011</u>	<u>2010</u>
Raw materials	\$ 49,450	\$ 29,720
Work-in-process	0	204
Finished goods	77,440	56,935
	126,890	86,859
Inventory obsolescence provision	(844)	(1,052)
Inventories, net	126,046	85,807
Prepays and other	10,953	14,905
Total Inventories and other, net	<u>\$136,999</u>	<u>\$100,712</u>

**NOTE: Tim Horton refers to the year ended January 1, 2012 as fiscal 2011.**

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Year Ended December 31,**  
**(Millions of dollars, except per share data)**

	2012	2011	2010
<b>Net sales</b>	\$ 18,143	\$ 18,666	\$ 18,366
<b>Expenses</b>			
Cost of products sold	15,250	16,089	15,652
Gross margin	2,893	2,577	2,714
Selling, general and administrative	1,757	1,621	1,604
Intangible amortization	30	28	28
Restructuring costs	237	136	74
Operating profit	869	792	1,008
<b>Other income (expense)</b>			
Interest and sundry income (expense)	(112)	(607)	(197)
Interest expense	(199)	(213)	(225)
Earnings (loss) before income taxes	558	(28)	586
Income tax expense (benefit)	133	(436)	(64)
Net earnings	425	408	650
Less: Net earnings available to noncontrolling interests	24	18	31
Net earnings available to Whirlpool	\$ 401	\$ 390	\$ 619
<b>Per share of common stock</b>			
Basic net earnings available to Whirlpool	\$ 5.14	\$ 5.07	\$ 8.12
Diluted net earnings available to Whirlpool	\$ 5.06	\$ 4.99	\$ 7.97
Dividends	\$ 2.00	\$ 1.93	\$ 1.72
<b>Weighted-average shares outstanding (in millions)</b>			
Basic	78.1	76.8	76.2
Diluted	79.3	78.1	77.6

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Year Ended December 31,**  
**(Millions of dollars)**

	2012	2011	2010
Net earnings	\$ 425	\$ 408	\$ 650
Other comprehensive loss, before tax:			
Foreign currency translation adjustments	(36)	(86)	(59)
Derivative instruments:			
Net gain (loss) arising during period	(17)	(62)	70
Less: reclassification adjustment for gain (loss) included in net earnings	(25)	80	47
Derivative instruments, net	8	(142)	23
Marketable securities:			
Net gain (loss) arising during period	2	(13)	(10)
Less: reclassification adjustment for gain (loss) included in net earnings	(7)	(9)	—
Marketable securities, net	9	(4)	(10)
Defined benefit pension and postretirement plans:			
Prior service credit arising during period	2	148	41
Net gain (loss) arising during period	(384)	(283)	44
Less: amortization of prior service credit and actuarial loss	38	42	61
Defined benefit pension and postretirement plans, net:	(420)	(177)	24
Other comprehensive loss, before tax	(439)	(409)	(22)
Income tax benefit related to items of other comprehensive loss	130	71	—
Other comprehensive loss, net of tax	(309)	(338)	(22)
Comprehensive income	116	70	628
Less: comprehensive income, available to noncontrolling interests	20	13	34
Comprehensive income available to Whirlpool	\$ 96	\$ 57	\$ 594

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**At December 31,**  
**(Millions of dollars, except share data)**

	2012	2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 1,168	\$ 1,109
Accounts receivable, net of allowance of \$60 and \$61, respectively	2,038	2,105
Inventories	2,354	2,354
Deferred income taxes	558	248
Prepaid and other current assets	709	606
Total current assets	6,827	6,422
Property, net of accumulated depreciation of \$6,070 and \$6,146, respectively	3,034	3,102
Goodwill	1,727	1,727
Other intangibles, net of accumulated amortization of \$211 and \$177, respectively	1,722	1,757
Deferred income taxes	1,832	1,893
Other noncurrent assets	254	280
Total assets	\$ 15,396	\$ 15,181
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 3,698	\$ 3,512
Accrued expenses	692	951
Accrued advertising and promotions	419	429
Employee compensation	520	365
Notes payable	7	1
Current maturities of long-term debt	510	361
Other current liabilities	664	678
Total current liabilities	6,510	6,297
<b>Noncurrent liabilities</b>		
Long-term debt	1,944	2,129
Pension benefits	1,636	1,487
Postretirement benefits	422	430
Other noncurrent liabilities	517	558
Total noncurrent liabilities	4,519	4,604
<b>Stockholders' equity</b>		
Common stock, \$1 par value, 250 million shares authorized, 108 million and 106 million shares issued and 79 million and 76 million shares outstanding, respectively	108	106
Additional paid-in capital	2,313	2,201
Retained earnings	5,147	4,922
Accumulated other comprehensive loss	(1,531)	(1,226)
Treasury stock, 29 million and 30 million shares, respectively	(1,777)	(1,822)
Total Whirlpool stockholders' equity	4,260	4,181
Noncontrolling interests	107	99
Total stockholders' equity	4,367	4,280
Total liabilities and stockholders' equity	\$ 15,396	\$ 15,181

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Year Ended December 31,**  
**(Millions of dollars)**

	2012	2011	2010
<b>Operating activities</b>			
Net earnings	\$ 425	\$ 408	\$ 650
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	551	558	555
Curtailed gain	(52)	(35)	(62)
Increase (decrease) in LIFO inventory reserve	(13)	54	4
Brazilian collection dispute	(275)	144	63
Changes in assets and liabilities:			
Accounts receivable	47	(15)	187
Inventories	(7)	283	(595)
Accounts payable	240	25	341
Accrued advertising and promotions	(13)	14	(47)
Product recall	—	(15)	13
Taxes deferred and payable, net	(68)	(573)	(94)
Accrued pension and postretirement benefits	(227)	(349)	(111)
Employee compensation	249	(59)	(6)
Other	(161)	90	180
Cash provided by operating activities	<u>696</u>	<u>530</u>	<u>1,078</u>
<b>Investing activities</b>			
Capital expenditures	(476)	(608)	(593)
Proceeds from sale of assets	10	23	17
Investment in related businesses	(28)	(7)	(18)
Proceeds from sale of brand	—	—	15
Acquisition of brand	—	—	(27)
Other	—	(4)	—
Cash used in investing activities	<u>(494)</u>	<u>(596)</u>	<u>(606)</u>
<b>Financing activities</b>			
Repayments of long-term debt	(361)	(313)	(379)
Proceeds from borrowings of long-term debt	322	300	2
Net proceeds (repayments) from short-term borrowings	6	(2)	(20)
Dividends paid	(155)	(148)	(132)
Common stock issued	43	14	72
Purchase of noncontrolling interest shares	—	—	(12)
Other	(3)	(17)	(26)
Cash used in financing activities	<u>(148)</u>	<u>(166)</u>	<u>(495)</u>
Effect of exchange rate changes on cash and equivalents	5	(27)	11
Increase (decrease) in cash and equivalents	59	(259)	(12)
Cash and equivalents at beginning of year	1,109	1,368	1,380
Cash and equivalents at end of year	<u>\$ 1,168</u>	<u>\$ 1,109</u>	<u>\$ 1,368</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid for interest	\$ 197	\$ 208	\$ 218
Cash paid for income taxes	\$ 177	\$ 136	\$ 31

**WHIRLPOOL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Year ended December 31,**  
**(Millions of dollars)**

	Whirlpool Stockholders' Equity					
	Total	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock/ Additional Paid-in-Capital	Common Stock	Non-Controlling Interests
<b>Balances, December 31, 2009</b>	\$ 3,760	\$ 4,193	\$ (868)	\$ 234	\$ 105	\$ 96
Comprehensive income						
Net earnings	650	619	—	—	—	31
Other comprehensive income (loss)	(22)	—	(25)	—	—	3
Comprehensive income	628					
Purchase of noncontrolling interest	(12)	—	—	(3)	—	(9)
Stock issued	103	—	—	102	1	—
Dividends declared	(159)	(132)	—	—	—	(27)
<b>Balances, December 31, 2010</b>	4,320	4,680	(893)	333	106	94
Comprehensive income						
Net earnings	408	390	—	—	—	18
Other comprehensive loss	(338)	—	(333)	—	—	(5)
Comprehensive income	70					
Stock issued	46	—	—	46	—	—
Dividends declared	(156)	(148)	—	—	—	(8)
<b>Balances, December 31, 2011</b>	4,280	4,922	(1,226)	379	106	99
Comprehensive income						
Net earnings	425	401	—	—	—	24
Other comprehensive loss	(309)	—	(305)	—	—	(4)
Comprehensive income	116					
Cumulative adjustment, equity method investment	(18)	(18)	—	—	—	—
Stock issued	159	—	—	157	2	—
Dividends declared	(170)	(158)	—	—	—	(12)
<b>Balances, December 31, 2012</b>	<u>\$ 4,367</u>	<u>\$ 5,147</u>	<u>\$ (1,531)</u>	<u>\$ 536</u>	<u>\$ 108</u>	<u>\$ 107</u>

**WHIRLPOOL CORPORATION**

**Product Warranty and Recall Reserves**

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

Millions of dollars	2012	2011
Balance at January 1	\$ 197	\$ 222
Issuances/accruals during the period	303	348
Settlements made during the period	(313)	(363)
Other changes	—	(10)
Balance at December 31	<u>\$ 187</u>	<u>\$ 197</u>
Current portion	\$ 148	\$ 158
Non-current portion	39	39
Total	<u>\$ 187</u>	<u>\$ 197</u>

During 2010 we accrued \$75 million related to a recall of 1.8 million dishwashers sold in the United States and Canada between 2006 and 2010. The recall was due to an electrical failure in the dishwasher's heating element. During 2011, we revised the total cost of this recall from \$75 million to \$66 million, as a result of lower than expected costs. These amounts were recorded in cost of products sold. There are no remaining amounts accrued.

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.

