



# Innovation knows no boundaries

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ILLINOIS TOOL WORKS INC.  
2010 ANNUAL REPORT



## ITW at a Glance

Illinois Tool Works Inc. (NYSE: ITW) is a diversified manufacturing company with nearly 100 years of history delivering specialized expertise, innovative thinking and value-added products to meet critical customer needs in a variety of industries. ITW has decentralized business units in 57 countries that employ approximately 61,000 women and men. These talented individuals, many of whom have specialized engineering or scientific expertise, contribute to our global leadership in innovation. We are proud of our broad portfolio of more than 19,000 global patents and patent applications.



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# ITW Business Segments



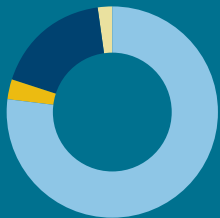
## Transportation

Transportation-related components, fasteners, fluids and polymers, as well as truck remanufacturing and related parts and service

PERCENT OF TOTAL COMPANY REVENUES

16%

REVENUES BY PRODUCT CATEGORY



- Consumables: 77%
- Equipment & Tools: 3%
- Service & Parts: 18%
- Other: 2%

MAJOR END MARKETS

Automotive OEM/Tiers: 61%  
Automotive Aftermarket: 25%

PRIMARY BRANDS

- |           |            |
|-----------|------------|
| DaeLim    | Permatex   |
| Deltar    | Shakeproof |
| Drawform  | Slime      |
| Evercoat  | Wynn's     |
| Filtertek |            |

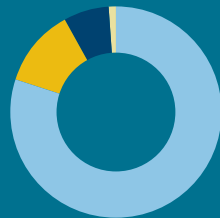
## Industrial Packaging

Steel, plastic and paper products and equipment used for bundling, shipping and protecting goods in transit

PERCENT OF TOTAL COMPANY REVENUES

14%

REVENUES BY PRODUCT CATEGORY



- Consumables: 80%
- Equipment & Tools: 12%
- Service & Parts: 7%
- Other: 1%

MAJOR END MARKETS

General Industrial: 24%  
Primary Metals: 22%  
Food & Beverage: 13%  
Construction: 9%

PRIMARY BRANDS

- |            |         |
|------------|---------|
| Acme       | Pabco   |
| Angleboard | Signode |
| Fleetwood  | Strapex |
| Orgapack   |         |

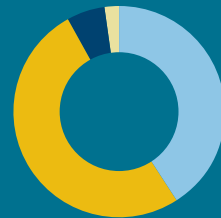
## Power Systems & Electronics

Equipment and consumables associated with specialty power conversion, metallurgy and electronics

PERCENT OF TOTAL COMPANY REVENUES

12%

REVENUES BY PRODUCT CATEGORY



- Consumables: 41%
- Equipment & Tools: 51%
- Service & Parts: 6%
- Other: 2%

MAJOR END MARKETS

General Industrial: 46%  
Electronics: 17%  
Construction: 6%

PRIMARY BRANDS

- |           |                  |
|-----------|------------------|
| AXA Power | Speedline        |
| Bernard   | Tien Tai         |
| Elga      | Tregaskiss       |
| Hobart    | Trimark          |
| Kester    | Vitronics Soltec |
| Miller    | Weldcraft        |

## Food Equipment

Commercial food equipment and related service

PERCENT OF TOTAL COMPANY REVENUES

12%

REVENUES BY PRODUCT CATEGORY



- Equipment & Tools: 66%
- Service & Parts: 34%

MAJOR END MARKETS

Food Institutional/Restaurant: 45%  
Food Service: 34%  
Food Retail: 16%

PRIMARY BRANDS

- |              |          |
|--------------|----------|
| Avery Berkel | MBM      |
| Bonnet       | Peerless |
| Foster       | Thirode  |
| Gaylord      | Traulsen |
| Hobart       | Vulcan   |
| Kairak       | Wolf     |



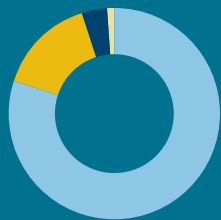
## Construction Products

Tools, fasteners and other products for construction applications

PERCENT OF TOTAL COMPANY REVENUES

11%

REVENUES BY PRODUCT CATEGORY



- Consumables: 80%
- Equipment & Tools: 15%
- Service & Parts: 4%
- Other: 1%

MAJOR END MARKETS

Residential Construction: 45%  
Renovation Construction: 28%  
Commercial Construction: 23%

PRIMARY BRANDS

Alpine	Ramset
ITW Brands	Red Head
Buildex	Reid
Paslode	SPIT
Proline	Suki
Pryda	Truswal



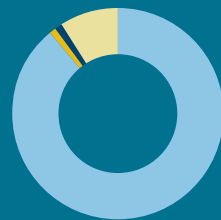
## Polymers & Fluids

Adhesives, sealants, lubrication and cutting fluids, and hygiene products

PERCENT OF TOTAL COMPANY REVENUES

9%

REVENUES BY PRODUCT CATEGORY



- Consumables: 89%
- Equipment & Tools: 1%
- Service & Parts: 1%
- Other: 9%

MAJOR END MARKETS

General Industrial: 27%  
Construction: 13%  
MRO: 12%  
Automotive Aftermarket: 10%

PRIMARY BRANDS

Densit	Plexus
Devcon	ITW Polymer Technologies
Dymon	Prolim
Futura	Rocol
Krafft	Schnee-Morehead
LPS	Stokvis Tapes
Novadan	TACC
Panreac	



## Decorative Surfaces

Decorative surfacing materials for furniture, office and retail space, countertops and other applications

PERCENT OF TOTAL COMPANY REVENUES

6%

REVENUES BY PRODUCT CATEGORY



- Consumables: 100%

MAJOR END MARKETS

Commercial Construction: 58%  
Renovation Construction: 30%  
Residential Construction: 11%

PRIMARY BRANDS

Arborite  
Polyrey  
Resopal  
Wilsonart



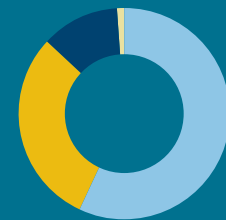
## All Other

All other operating segments

PERCENT OF TOTAL COMPANY REVENUES

20%

REVENUES BY PRODUCT CATEGORY



- Consumables: 57%
- Equipment & Tools: 30%
- Service & Parts: 12%
- Other: 1%

MAJOR END MARKETS

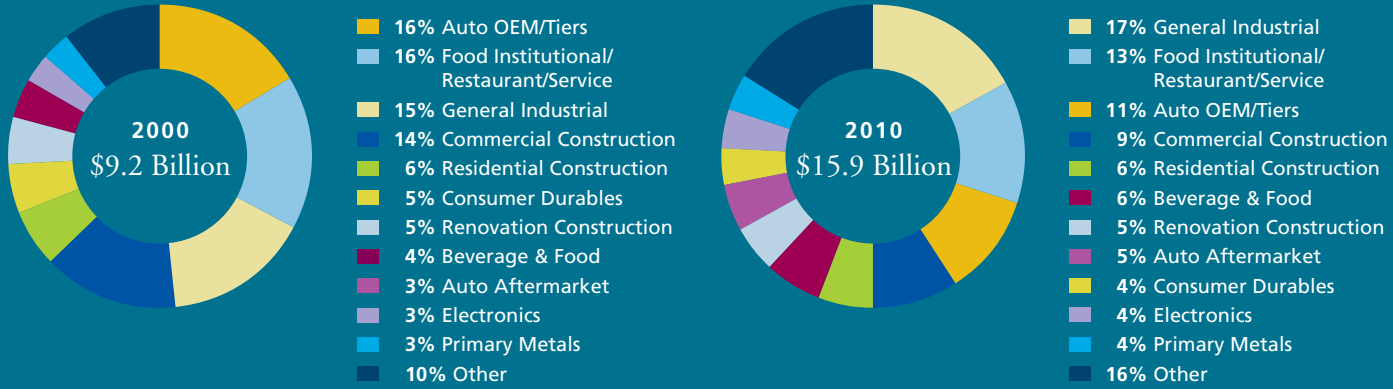
General Industrial: 26%  
Food & Beverage: 17%  
Consumer Durables: 14%  
Electronics: 6%

PRIMARY BRANDS

Avery Weigh-Tronix	Hi-Cone
Buehler	Instron
Chemtronics	Magnaflux
Devilbiss	Minigrip
Diagraph	Ransburg
Fastex	Space Bag
ITW Foils	Texwipe
Gema	Zip-Pak

# Revenue Diversification

## COMPARATIVE REVENUES BY END MARKET



## COMPARATIVE REVENUES BY GEOGRAPHY



## 25-Year Revenue/Operating Income



Note: The prior years' graphs presented above have not been restated for discontinued operations.

## Letter to Our Shareholders

In 2010, ITW was on the move—continuing to build a larger footprint in the world’s fastest growing regions, developing new business platforms, and bringing innovative products to our highly diverse end markets. ITW’s presence in both emerging and established markets, along with our proven operating principles, helped us take advantage of a modestly improving economy and generate total revenue growth of more than 14 percent in 2010, a number much higher than we originally anticipated.

### DRIVING GROWTH THROUGH NEW MARKETS

You can meet expectations—or you can *exceed* them. In 2010, ITW achieved organic growth of 11 percent, far surpassing our original growth projection of seven percent. In addition, our operating margins improved significantly, and we reported another year of strong free operating cash flow.

While the economy is a long way from full recovery, there were encouraging signs of steady improvement in 2010. Both global gross domestic product (GDP) and industrial production activity steadily improved during the year. Although the economic recovery certainly played a role in our rebound, we achieved above market growth rates in a vast majority of our major business segments. Our growing strategic presence in new markets around the world also contributed to our strong performance this past year. In 2010, we further

established our foundation in the emerging BRIC (Brazil, Russia, India and China) markets, which benefited from expanding consumer markets and growing government investment in infrastructure and commercial growth. Many of our core businesses experienced better than expected growth in these markets. In fact, for full year 2010, the percentage of our company revenues derived from the BRIC nations doubled when compared to 2006.

### THE ROLE OF ACQUISITIONS AND INNOVATION

While acquisitions have always been an important part of ITW’s growth, the acquisition environment was relatively muted in 2009 and in the first half of 2010. However, we began to see solid signs of improvement during the second half of 2010. As a result, ITW acquired 24 companies representing \$530 million of annualized revenues in 2010—up from just under \$300 million in annualized acquired



revenues in 2009. While below our traditional levels due to higher than expected valuations and increasing competition from both strategic and private equity buyers, these acquisitions helped ITW accelerate growth in key end markets and geographies. We expect the acquisition market will continue to improve and provide us with even more opportunities in 2011.

Innovation, one of our core attributes for nearly 100 years, has been critical to our success in both emerging and established markets. We have solidified our place as one of the top 100 companies for new U.S. patents. We also increased our spending in research and product development by 11 percent over 2009, and we will continue to make innovation a top priority alongside our time tested 80/20 business improvement processes. Our focus on innovation is evident across all of our segments, including three relatively new scalable platforms that we continue to grow—automotive aftermarket, test and measurement, and electronics. ITW's decentralized operating structure is also helping propel our presence in new markets by allowing our businesses the freedom to develop local, close-to-the-customer strategies.

In this year's Annual Report, we are proud to showcase eight ITW businesses that represent how our characteristic innovation and growing presence in both emerging and established markets lay a foundation to meet the changing needs of our customers and their end users worldwide.

## 2010 FINANCIAL HIGHLIGHTS

Our full-year operating revenues totaled \$15.9 billion, a 14.4 percent increase versus 2009. Much of that improvement was due to strong organic growth while the remainder came from the contribution

of acquisitions and the benefits of currency translation. Just as impressive, operating margins totaled 14.8 percent in 2010, representing a 480 basis point improvement versus 2009.

We achieved higher than expected growth in certain worldwide end markets, such as transportation, where auto production was much higher than anticipated. Additionally, a number of end markets associated with industrial packaging increased at faster than expected rates, and we experienced double-digit growth in many of the related businesses. Our welding and electronics businesses also benefited from end market recovery and greater demand from industrial customers such as Caterpillar and Deere, as well as consumers seeking the latest products from the competitive electronics market. Our construction and food equipment businesses did not perform as well as we had expected. However, total construction revenues still increased 15 percent over 2009, even as U.S. housing starts remained lower than anticipated. Our food equipment businesses were hampered by low levels of capital expenditures during the year. As the economic recovery continues, we believe that these business platforms, and their associated end markets, also will show solid improvement.

Throughout the economic downturn of the past few years, ITW has remained committed to financial stability. In 2010, we maintained a strong balance sheet and solid credit ratings. Our 2010 free operating cash flow remained strong at \$1.3 billion, enabling us to reinvest in current businesses, acquire new businesses, grow dividends and opportunistically utilize our share repurchase program. Moving forward, we will continue to use our strong balance sheet to support future growth.





## MANAGEMENT DEVELOPMENTS

The extensive leadership experience and continuity of the ITW senior management team was a critical part of our recovery in late 2009 and our higher than expected growth in 2010. Strategic planning and guidance, in particular our growing presence in emerging markets, has helped us weather the economic storm and positioned us well for future opportunities. Our senior managers, whose average tenure is nearly 20 years, have partnered with leadership across our worldwide business platforms to help our company achieve long-term success—even during periods of economic fluctuations and change.

During 2010, we made key management moves to help drive strategic growth around the globe. The Board of Directors elected David Parry vice chairman, joining our other two vice chairmen, Tom Hansen and Scott Santi. David previously served as executive vice president with responsibility for ITW's polymers and fluids businesses. The Board also elected Chris O'Herlihy executive vice president with responsibility for the global food equipment businesses and Sundaram Nagarajan executive vice president with responsibility for the global welding businesses.

In August 2010, Kevin M. Warren and Anré D. Williams were elected to the ITW Board of Directors. Kevin is president of the U.S. Solutions Group for Xerox Corporation and also serves as a vice president of the corporation. Anré is president of Global Commercial Card for American Express. Both Kevin and Anré are strong, experienced business leaders with highly regarded organizations, and we welcome their unique perspectives and contributions in the years ahead. We bid farewell to two directors who retired in 2010, William F. Aldinger, a board member since 1998, and Harold B. Smith, Jr. who

## A Special 'Thank You' to Retired Director Harold B. Smith, Jr.

It is with some sadness that we bid farewell to Harold B. Smith, Jr., who retired from the Board of Directors in 2010 after more than fifty years of service with ITW. As great grandson of Chicago financier Byron L. Smith, one of ITW's founders, Harold has a strong connection to the Company and helped shape it through accomplishments too numerous to list.

After earning a Bachelor of Science degree from Princeton University, Harold spent the next 50 years serving ITW in operational, managerial and executive roles, primarily in the fastener division. He was elected vice president in 1962, executive vice president in 1967, and served as president, COO, and vice chairman during the 1970s and 1980s. He was a member of the ITW Board of Directors from 1968 until he retired in May.

A passion for new ideas has always been important to Harold. Like his forebears, he is known for visiting ITW businesses and project teams, eager to learn "what's new"—a question that became a lasting challenge in ITW's innovation efforts. He is part of ITW's history, and we are grateful to have the continued benefit of his judgment, wisdom, and expertise in his role as a director emeritus.

On behalf of all the people of ITW in businesses spanning the globe, we thank Harold for his dedication and many years of service.

served on ITW's Board since 1968. We sincerely appreciate their valuable contributions to ITW and wish them the very best in their retirement!

#### LOOKING AHEAD

While the pace of the economic recovery is hard to predict, we are optimistic that our worldwide end markets will continue to modestly improve as we head into 2011. We plan to continue to develop new platforms; invest in the research and development that nurtures new innovations; and focus on significant growth opportunities in new and emerging markets to support the long-term stability and profitable growth of the Company.

We are supported by the talented women and men of ITW—operating managers and their teams, as well as the dedicated professionals in our financial, legal, engineering, marketing and human resource disciplines. Thank you for your continuing support as we continue creating a bright future for our customers, our shareholders and our people in 2011 and beyond.



DAVID B. SPEER  
Chairman &  
Chief Executive Officer



THOMAS J. HANSEN  
Vice Chairman



DAVID C. PARRY  
Vice Chairman



E. SCOTT SANTI  
Vice Chairman



Thomas J. Hansen, E. Scott Santi, David B. Speer and David C. Parry





80%

The reported percentage of the oil rig platform fabrication industry based in Singapore.\*

**Stan Wen**  
Formulator, Hobart

**Rick Hutchison**  
Arc Research Physicist,  
Miller Electric

**Vianney Martawibawa**  
Vice President,  
ITW Welding Singapore

**Joe Fink**  
Project Manager, Miller Electric



IN SINGAPORE, BRINGING  
**experts and products**  
TOGETHER FOR ASIA'S  
OIL INDUSTRY

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As China and India become more industrialized, their energy needs will continue to soar. No country could be better situated than Singapore—just south of China and east of India—to provide the expertise and tools for the growing energy business in the region. In fact, Singapore is the center of the fabrication industry for fixed and floating platforms, massive structures used to facilitate offshore, shallow and deep water oil drilling and production.

At ITW Welding Singapore, products include engine drives, flux-cored welding wire, power sources, and wire feeders to construct the platforms with complex weld joints for extremely cold, challenging locations. The products have earned a strong record of performance even under these conditions, giving ITW an edge over competitors. The group also listens closely to customers, leading to enhanced offerings. For example, by leveraging the ITW welding portfolio of brands—Miller, Hobart, and others—the group has engineered a system solution that combines products from separate companies, such as Miller's XMT power source, Bernard's Dura-Flux gun, and Hobart's tubular wires as best-in-class, turn-key offshore welding systems.

Add to that a staff with diverse language skills, recruitment of engineers directly from the oil and welding industries and selective market engagement, and it's clear that ITW welding's leadership is prepared to grow alongside Southeast Asia.

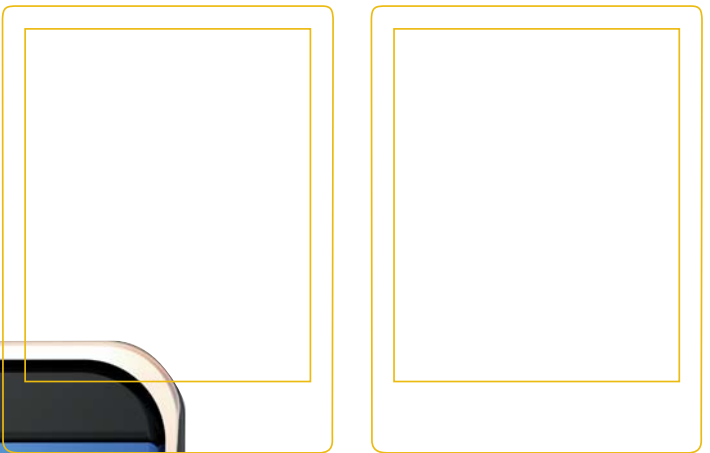
IN CHINA, STAYING  
a step ahead  
OF THE TELECOMMUNICATIONS  
INDUSTRY

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As the leading telecommunication and consumer electronics companies moved more production to Asia, ITW acquired Stokvis Tapes and M&C Specialties, both with facilities in Shenzhen, China and other locations throughout the country for a total of five business units. Stokvis offers over 3,000 self adhesive tapes with superb functionality, and M&C Specialties is a leading manufacturer of advanced, die-cut screens produced in innovative “clean room” environments. Both products are essential to the production of mobile phones, navigation devices, e-books and other consumer electronics.

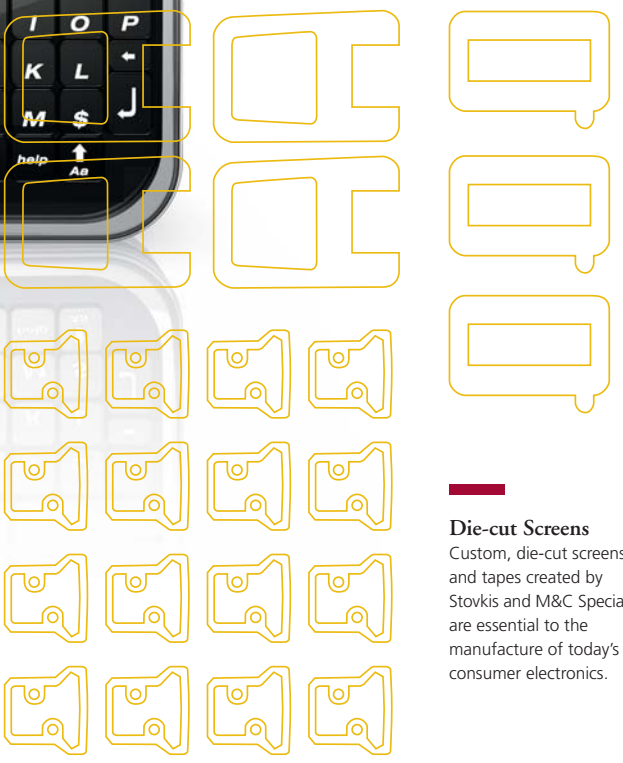
Stokvis and M&C Specialties give ITW an edge through their early supplier involvement strategy. For example, Stokvis’s network of engineers is located in close proximity to its customers’ Chinese design centers, where they work with R&D teams to develop and quickly prototype materials and custom die-cuts for ever-changing customer needs.

And with many locations throughout the world, Stokvis and M&C can minimize the project management and logistical challenges of their global customers. Drawing on multiple businesses to develop solutions throughout the supply chain isn’t possible for most companies—but it’s how ITW is sustaining and growing many of its relationships.



60%

Projected percentage of mobile phone manufacturing based in China in 2010.



**Die-cut Screens**  
Custom, die-cut screens and tapes created by Stovkis and M&C Specialties are essential to the manufacture of today's consumer electronics.





# 2<sup>nd</sup> FASTEST GROWING

India is the second fastest growing auto market in the world, with double-digit growth in 2010.\*

## Auto Components

Lightweight auto parts engineered by Deltar make exceptionally affordable models like the Tata Nano possible.

\* Pankaj Doval. "Indian carmaker growth second fastest globally." *Times of India*. January 12, 2011.

IN INDIA, BUILDING  
**innovative**  
COMPONENTS THAT BOOST  
CAR OWNERSHIP

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It's a familiar scene in many parts of India: families of four traveling together on one motorcycle. Indian auto manufacturer and ITW customer Tata Motors seized the opportunity and began offering the \$2500 Nano in 2009. Dubbed "the people's car," the Nano is a small, no nonsense quality vehicle that costs less than half the price of the least expensive car on the market. Other major automakers have followed in Tata's path. They have announced plans for similar cars with prices that put car ownership within reach of India's growing middle class, whose aspirations are changing thanks to the country's new financial prosperity.

Deltar's Indian facilities, part of ITW's global automotive group, play a role in making low-cost vehicles like the Nano possible. That's because Deltar's innovative, lightweight auto components and fasteners are key to manufacturing a car that's exceptionally affordable, yet able to appropriately handle India's challenging terrain.

What's more, Deltar's facilities in Pune, Chennai, and Delhi provide a critical link to the local market while drawing from Deltar's international expertise—something not available to all suppliers. It means that ITW is well positioned to meet growing demand in this booming market for product solutions that feature less costly material and processing without sacrificing quality or durability.

IN EUROPE, DEDICATED  
**solutions**  
FOR THE GROWING RETAIL  
HARDWARE MARKET

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At the opposite end of the spectrum from construction professionals and industrial projects is the do-it-yourself (“DIY”) handyman, decorator and hobbyist—a market that has been steadily growing. With this market, hardware retailers can’t simply offer aisles of products when customers don’t have the knowledge—or patience—to navigate a store for what they need.

Suki International, a new addition to ITW, offers unique solutions for this evolving market. Based in Germany, Suki is a leading European DIY supplier of hardware, hand tools, wood connectors, technical fittings, adhesive tapes and more. But it’s what the company does with these products that sets it apart: Suki constructs integrated product wall systems customized for the retailer’s space. Each system includes packaging, product groupings and explanatory labeling designed for consumers with minimal experience. The systems also include “solution packages”—everything needed to complete home projects like building a shelf or repairing an outdoor terrace. The flexible, customized systems are also ideal for retailers consolidating or expanding into countries with diverse language and space needs.

At the same time, Suki’s other businesses—manufacturer-to-store logistics, merchandising and direct sourcing from Asia—provide a total solution for clients. Suki manages the complexity of international expansion, from product development, sourcing and packaging, to outbound logistics touching over 4,000 stores in more than 40 countries.





**Suki Display**  
Suki's color-guided hardware displays and solutions are designed especially for the DIY market and customized to international retailer needs.

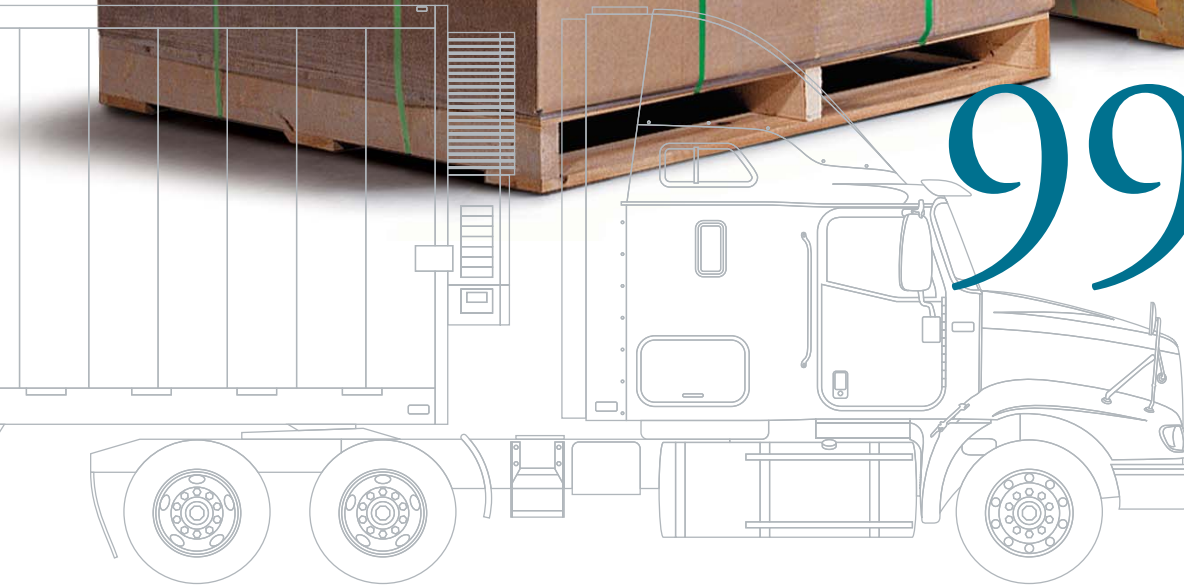
**4,500** STORES  
throughout Europe  
offer Suki solutions.

**Lightweight  
Dunnage Air Bags**  
Innovative *Big Foot*  
air bags combine safe,  
protective shipping with  
sustainable practices.



99%

of manufactured vinyl  
compound, like that derived  
from *Big Foot* bags, is recycled  
into finished products.\*



IN THE  
UNITED STATES, CREATING  
**sustainable packaging**  
FOR GLOBAL BUSINESSES

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Many players compete in the packaging industry—but none of them has the *Big Foot*, one of Arkansas-based ITW Shippers' three innovative lines of air bags that are inserted and inflated between various products to brace and secure heavy shipments. These aren't just large plastic bags with a valve; the bags are produced from virgin, PVC-resin vinyl, a high-quality material that enables maximum reusability and recycling. With *Big Foot*, companies that transport hundreds of loads per day can help ensure that goods arrive in top condition and prevent tons of paper packaging waste from entering landfills.

These features appealed to one of ITW Shippers' customers, a global consumer products manufacturer which must ensure its products reach customers safely. The *Big Foot* line of air bags also helps customers like these meet their corporate sustainability objectives: the *Big Foot* line can be reused multiple times within the supply chain prior to being recycled.

ITW Shippers also added a unique peel-away sticker system that makes it easier for employees to track bag usage, ensuring reusability and keeping worn bags out of the system. With organizations increasingly focused on sustainability, innovative solutions are helping ITW better serve customers of an established market.



IN BRAZIL, OFFERING  
**state-of-the-art**  
TESTING TO GROWING  
INDUSTRIES

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What's the most punishment a product can take before weakening or breaking down completely?

For companies like Usiminas, one of the largest steel producers in Brazil, understanding the material characteristics of their steel is key to the quality of the finished steel they offer to customers for auto, appliance, electronics and industrial applications. It's why they rely on Instron, part of ITW's test and measurement group, to provide automated testing equipment to accurately measure the tensile properties of their steel.

Instron isn't the only testing equipment supplier in Brazil, but it's the only one that offers high-end testing systems along with a significant local service, product support, and sales presence. Instron draws from expertise in service, manufacturing and research facilities that span the globe, and it excels in sophisticated design and best-in-market software to ensure precise results.

The relationship between Instron and Usiminas positions ITW well for the growing industrial markets in Brazil. The country's economy fared well during the global economic downturn, and discretionary income in the region has been steadily increasing. As industries move in and expand to take advantage of this growth, the need for accurate, comprehensive materials testing will only increase.



**Celso Ricardo Nisterenko**  
Brazil Sales Manager, Instron

**Paulo Huet Alipio**  
Laboratory Manager, Usiminas

**\$4.5** MILLION

generated from Usiminas over the past decade in connection with their cold roll material. Eighty percent of Usiminas's cold roll material undergoes automated quality testing by Instron systems.





341 MILLION  
SQUARE  
FEET

Volume of countertop manufacturing,  
fueled by demand in Asia and based  
on a three percent annual increase  
through 2013.\*

**Chemsurf**  
Chemical-resistant  
laminated countertops  
from Wilsonart  
are ideal for Asia's  
growing industrial  
and commercial  
development.

IN CHINA,  
PROVIDING THE INDUSTRY'S  
**toughest surfaces**  
FOR NEW COMMERCIAL GROWTH

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If there's a new construction project requiring laminate starting up in China—sales staff in ITW Wilsonart's Chinese regional field offices probably know about it. A broad, multilingual marketing operation in China, which includes construction scouting and a central sales office in Shanghai, is just one of Wilsonart's strategies to tap East Asia's emerging decorative surfaces market. Growth stems in part from the Chinese government's support of more industrial and commercial center development—restaurants, hotels, office parks, research centers—that require highly durable work surfaces.

With many competitors aware of the budding opportunities, Wilsonart has also increased its innovation efforts. Specialty laminates like Chemsurf use a proprietary resin formulation to resist chemical spills, making it ideal for university or commercial laboratories. Chemsurf, along with new noncombustible surfaces that can withstand extremely high temperatures, are part of a wide spectrum of functionality offered to customers.

In addition, the Chinese facility's advanced logistical capabilities dramatically improve manufacturer-to-customer delivery time. Orders are already in for customers like McDonalds and KFC, a trend we expect to continue as Wilsonart's innovation meets with China's economic boom.

IN FRANCE, COOKING UP  
**performance**  
FOR THE WORLD'S  
FINEST RESTAURANTS  
AND HOTELS

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Some marvel at its aesthetic lines, others call it the “Lamborghini of cooking ranges.” However, to call the Maestro a range or an oven is somewhat misleading. Manufactured by Bonnet International, part of ITW, these counter-length cooking suites go beyond the looks—and limitations—of mass-produced commercial ranges. In fact, fewer than a hundred are custom made each year, according to the diverse, personal culinary aspirations and space requirements of the most prestigious chefs in restaurants, hotels and culinary centers all over the world.

The Maestro’s innovative engineering marries classic French culinary technique with advanced technology and performance, creating a new standard of quality and efficiency. The thick, stainless steel alloy surface radiates both gentle heat for warming and stronger, raw heat for sautéing. Yet this same surface is versatile enough to accommodate prep work and sous-vide cooking. Chefs can truly multi-task, dramatically reducing labor and food costs. The advanced, multi-purpose design also allows heat energy to be shared, creating a work environment with unparalleled comfort and reducing energy costs up to 30 percent. The cooking suites are ideal for Europe’s high volume brasseries as well as New York’s most exclusive restaurants—anywhere discerning customers require an efficient, powerful, custom-designed tool.

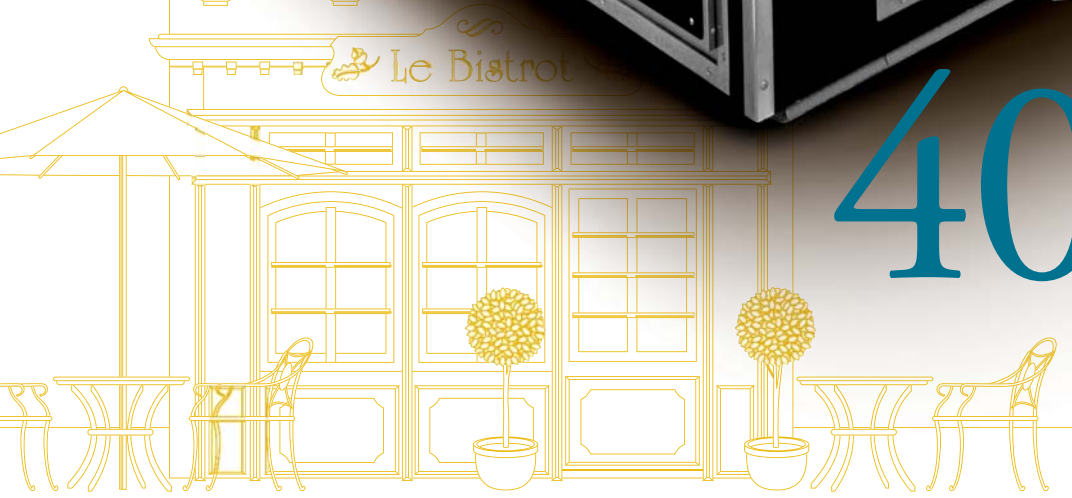




**Maestro  
Cooking Suite**  
Bonnet International's  
integrated cooking  
suites represent a  
new standard in  
high-performance  
culinary tools.

**40%**

Estimated increase in kitchen  
productivity with the Maestro  
during the course of ownership.



## ITW Corporate Management

Experience has always been one of the keys to our success. Our management team is well schooled in the ITW way, and is comprised of experts in their fields of business. We have decades of experience on which to draw—ITW's management team shares an average tenure of almost 20 years of company service.



Tim Gardner, Jane Warner and David Parry



Ron Kropp and James Wooten



Robert Brunner and Sundaram Nagarajan



Juan Valls, Steve Martindale and Mark Croll



Phil Gresh, Tom Hansen and Sharon Brady



David Speer and Lei Schlitz



Craig Hindman and Al Sutherland



John Brooklier, Roland Martel and Scott Santi

Not pictured: Chris O'Herlihy

# Corporate Executives & Directors

## CORPORATE EXECUTIVES

### DAVID B. SPEER

Chairman & Chief Executive Officer  
32 Years of Service

### THOMAS J. HANSEN

Vice Chairman  
30 Years of Service

### DAVID C. PARRY

Vice Chairman  
16 Years of Service

### E. SCOTT SANTI

Vice Chairman  
27 Years of Service

### ROBERT E. BRUNNER

Executive Vice President  
30 Years of Service

### TIMOTHY J. GARDNER

Executive Vice President  
13 Years of Service

### PHILIP M. GRESH, JR.

Executive Vice President  
21 Years of Service

### CRAIG A. HINDMAN

Executive Vice President  
34 Years of Service

### ROLAND M. MARTEL

Executive Vice President  
16 Years of Service

### STEVEN L. MARTINDALE

Executive Vice President  
8 Years of Service

### SUNDARAM NAGARAJAN

Executive Vice President  
19 Years of Service

### CHRISTOPHER A. O'HERLIHY

Executive Vice President  
21 Years of Service

### JUAN VALLS

Executive Vice President  
21 Years of Service

### JANE L. WARNER

Executive Vice President  
5 Years of Service

### SHARON M. BRADY

Senior Vice President, Human Resources  
4 Years of Service

### RONALD D. KROPP

Senior Vice President & Chief Financial Officer  
17 Years of Service

### ALLAN C. SUTHERLAND

Senior Vice President, Taxes & Investments  
17 Years of Service

### JAMES H. WOOTEN, JR.

Senior Vice President, General Counsel  
& Secretary  
22 Years of Service

### JOHN L. BROOKLIER

Vice President, Investor Relations  
19 Years of Service

### MARK W. CROLL

Vice President, Intellectual Property  
16 Years of Service

### DR. LEI Z. SCHLITZ

Vice President, Research & Development  
2 Years of Service

## DIRECTORS

### MARVIN D. BRAILSFORD

Retired Vice President  
Kaiser-Hill Company LLC  
Director since 1996

### SUSAN CROWN

Vice President  
Henry Crown and Company  
Director since 1994

### DON H. DAVIS, JR.

Retired Chairman of the Board  
Rockwell Automation Inc.  
Director since 2000

### ROBERT C. McCORMACK

Advisory Director  
Trident Capital, Inc.  
Director since 1993, previously 1978–1987

### ROBERT S. MORRISON

Retired Vice Chairman  
PepsiCo, Inc.  
Director since 2003

### JIM SKINNER

Vice Chairman and Chief Executive Officer  
McDonald's Corporation  
Director since 2005

### DAVID B. SMITH, JR.

Executive Vice President for Policy & Legal Affairs  
and General Counsel  
Mutual Fund Directors Forum  
Director since 2009

### DAVID B. SPEER

Chairman & Chief Executive Officer  
Illinois Tool Works Inc.  
Director since 2005

### PAMELA B. STROBEL

Retired Executive Vice President and  
Chief Administrative Officer  
Exelon Corporation  
Director since 2008

### KEVIN M. WARREN

President, U.S. Customer Operations  
Xerox Corporation  
Director since 2010

### ANRÉ D. WILLIAMS

President, Global Commercial Card  
American Express Company  
Director since 2010



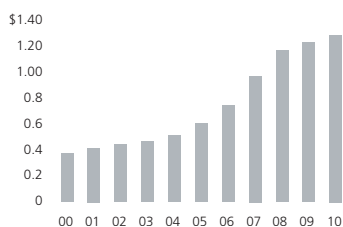
# Eleven-Year Financial Summary

DOLLARS AND SHARES IN THOUSANDS EXCEPT PER SHARE AMOUNTS

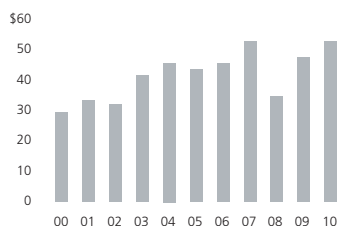
	2010	2009	2008
<b>INCOME:</b>			
Operating revenues	\$ 15,870,376	13,877,068	17,100,341
Operating income	\$ 2,356,678	1,385,979	2,501,286
Income from continuing operations before income taxes	\$ 2,211,993	1,213,790	2,351,538
Income taxes	\$ 684,800	244,300	660,445
Income from continuing operations	\$ 1,527,193	969,490	1,691,093
Income (loss) from discontinued operations (net of tax)	\$ -	(22,481)	(172,090)
Cumulative effect of changes in accounting principles (net of tax)	\$ -	-	-
Net income	\$ 1,527,193	947,009	1,519,003
Net income per common share - assuming dilution:			
Income from continuing operations	\$ 3.03	1.93	3.24
Income (loss) from discontinued operations	\$ -	(0.04)	(0.33)
Cumulative effect of changes in accounting principle	\$ -	-	-
Net income	\$ 3.03	1.89	2.91
<b>FINANCIAL POSITION:</b>			
Net working capital	\$ 2,874,809	2,838,957	928,886
Net plant and equipment	\$ 2,023,045	2,136,527	2,109,432
Total assets	\$ 16,250,273	16,081,984	15,203,551
Long-term debt	\$ 2,511,959	2,914,874	1,247,883
Total debt	\$ 2,829,746	3,128,555	3,681,856
Total Invested capital	\$ 11,020,954	10,627,659	10,613,997
Stockholders' equity	\$ 9,318,246	8,817,876	7,675,091
<b>CASH FLOW:</b>			
Free operating cash flow	\$ 1,274,618	1,899,487	1,859,912
Cash dividends paid	\$ 636,200	619,681	598,690
Dividends paid per share	\$ 1.270	1.240	1.150
Dividends declared per share	\$ 1.300	1.240	1.180
Plant and equipment additions	\$ 286,172	247,102	362,312
Depreciation	\$ 334,388	366,127	367,615
Amortization and impairment of goodwill and other intangible assets	\$ 213,890	308,798	324,292
<b>FINANCIAL RATIOS:</b>			
Operating income margin	% 14.8	10.0	14.6
Return on average stockholders' equity	% 16.8	11.8	19.9
Return on average invested capital	% 15.3	10.7	16.0
Book value per share	\$ 18.85	17.55	15.38
Total debt to total capitalization	% 23.2	26.2	32.4
<b>OTHER DATA:</b>			
Market price per share at year-end	\$ 53.40	47.99	35.05
Shares outstanding at December 31	497,744	502,336	499,115
Weighted average shares outstanding	500,772	500,177	518,609
Research and development expenses	\$ 220,462	198,536	212,658
Employees at December 31	61,000	59,000	65,000
Number of acquisitions	24	20	50
Cash paid for acquisitions	\$ 433,403	281,674	1,546,982

Note: Certain reclassifications of prior years' data have been made to conform with current year reporting.

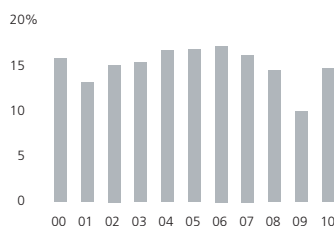
**DIVIDENDS DECLARED PER SHARE (IN DOLLARS)**



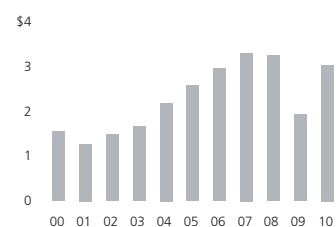
**MARKET PRICE AT YEAR-END (IN DOLLARS)**



**OPERATING INCOME MARGIN (IN PERCENT)**

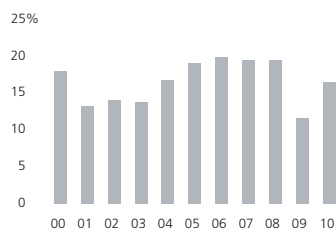


**INCOME FROM CONTINUING OPERATIONS PER DILUTED SHARE (IN DOLLARS)**

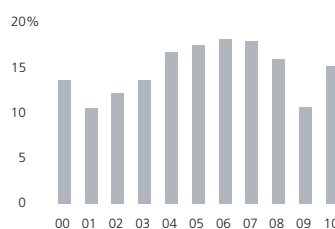


	2007	2006	2005	2004	2003	2002	2001	2000
	16,110,267	13,788,346	12,540,360	11,336,102	9,662,593	9,063,231	8,911,243	9,153,777
	2,627,766	2,385,391	2,115,230	1,905,517	1,493,323	1,379,970	1,187,687	1,454,594
	2,583,940	2,390,975	2,156,241	1,980,239	1,556,093	1,407,003	1,196,687	1,460,081
	756,249	710,424	675,806	650,101	529,697	493,042	416,688	513,736
	1,827,691	1,680,551	1,480,435	1,330,138	1,026,396	913,961	779,999	946,345
	42,171	37,195	14,434	8,556	(2,716)	20,522	25,660	11,635
	-	-	-	-	-	(221,891)	-	-
	1,869,862	1,717,746	1,494,869	1,338,694	1,023,680	712,592	805,659	957,980
	3.29	2.95	2.57	2.18	1.66	1.48	1.27	1.55
	0.08	0.07	0.03	0.01	(0.00)	0.03	0.04	0.02
	-	-	-	-	-	(0.36)	-	-
	3.36	3.01	2.60	2.20	1.66	1.16	1.32	1.57
	3,205,370	2,569,821	2,110,874	2,471,227	3,294,299	2,276,401	1,587,332	1,511,451
	2,194,010	2,053,457	1,807,109	1,876,875	1,728,638	1,631,249	1,633,690	1,629,883
	15,525,862	13,880,439	11,445,643	11,351,934	11,193,321	10,623,101	9,822,349	9,514,847
	1,888,839	955,610	958,321	921,098	920,360	1,460,381	1,267,141	1,549,038
	2,299,351	1,418,331	1,211,220	1,124,621	976,454	1,581,985	1,580,588	1,974,827
	10,830,058	9,849,356	8,392,897	8,089,817	7,190,735	7,183,372	7,354,877	7,254,860
	9,358,231	9,021,232	7,552,094	7,632,586	7,898,764	6,659,074	6,056,513	5,431,328
	2,130,942	1,765,022	1,558,441	1,254,237	1,110,429	1,017,332	1,094,464	809,617
	502,430	398,846	335,092	304,581	285,399	272,319	249,141	223,009
	0.910	0.705	0.585	0.500	0.465	0.445	0.410	0.370
	0.980	0.750	0.610	0.520	0.470	0.450	0.420	0.380
	353,355	301,006	293,102	282,560	258,312	271,424	256,562	305,954
	363,701	319,362	299,232	294,162	282,277	277,819	281,723	272,660
	161,043	124,544	83,842	59,121	24,276	27,933	104,585	118,905
	16.3	17.3	16.9	16.8	15.5	15.2	13.3	15.9
	19.9	20.3	19.5	17.1	14.1	14.4	13.6	18.4
	18.0	18.3	17.6	16.8	13.7	12.3	10.6	13.7
	17.65	16.15	13.45	13.06	12.80	10.86	9.93	8.98
	19.7	13.6	13.8	12.8	11.0	19.2	20.7	26.7
	53.54	46.19	44.00	46.34	41.96	32.43	33.86	29.78
	530,097	558,750	561,627	584,457	617,273	613,166	609,853	604,897
	551,549	565,632	571,058	604,752	614,138	612,313	608,224	603,147
	197,595	145,438	126,305	121,655	104,967	99,061	100,311	104,785
	60,000	55,000	50,000	49,000	47,500	48,700	52,000	55,300
	52	53	22	24	28	21	29	45
	812,757	1,378,708	626,922	587,783	203,726	188,234	556,199	798,838

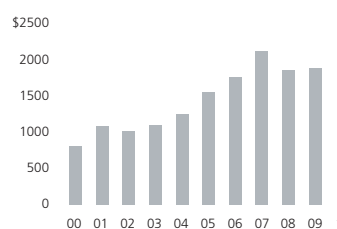
**RETURN ON AVERAGE STOCKHOLDERS' EQUITY (IN PERCENT)**



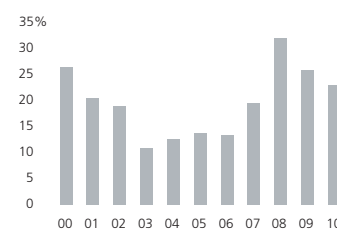
**RETURN ON AVERAGE INVESTED CAPITAL (IN PERCENT)**



**FREE OPERATING CASH FLOW (IN MILLIONS OF DOLLARS)**



**TOTAL DEBT TO TOTAL CAPITALIZATION (IN PERCENT)**



# Corporate Information

## TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
250 Royall Street  
Canton, MA 02021

## AUDITORS

Deloitte & Touche LLP  
111 South Wacker Drive  
Chicago, IL 60606

## COMMON STOCK

ITW common stock is listed on the New York Stock Exchange  
Symbol—ITW

## ANNUAL MEETING

Friday, May 6, 2011, 3:00 p.m.  
The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60603

## STOCK AND DIVIDEND ACTION

The Company's dividend guideline provides for the dividend payout rate to be in a range of 30 to 45 percent of the Company's last two years' average free operating cash flow. Effective with the October 13, 2010 payment, the quarterly cash dividend on ITW common stock was increased to 34 cents per share. This dividend represents an estimated payout of 34 percent of the trailing two years' average free operating cash flow. ITW's annual dividend payment has increased 47 consecutive years, except during a period of government controls in 1971.

## DIVIDEND REINVESTMENT PLAN

The ITW Common Stock Dividend Reinvestment Plan enables registered shareholders to reinvest the ITW dividends they receive in additional shares of common stock of the Company at no additional cost. Participation in the plan is voluntary, and shareholders may join or withdraw at any time. The plan also allows for additional voluntary cash investments in any amount from \$100 to \$10,000 per month. For a brochure and full details of the program, please direct inquiries to:

## COMPUTERSHARE TRUST COMPANY, N.A.

Dividend Reinvestment Service  
250 Royall Street  
Canton, MA 02021  
888.829.7424

## SHAREHOLDER INFORMATION

Questions regarding stock ownership, dividend payments or change of address should be directed to the Company's transfer agent, Computershare Trust Company, N.A.

For additional assistance regarding stock holdings, please contact:

Kathleen Nuzzi  
Shareholder Relations  
847.657.4929

Security analysts and investment professionals should contact:

John L. Brooklier  
Vice President of Investor Relations  
847.657.4104

## MEDIA INQUIRES

Please contact:  
Alison Donnelly  
Corporate Communications Manager  
847.657.4565

## CORPORATE GOVERNANCE

On June 7, 2010, the Company's Chairman & Chief Executive Officer certified to the New York Stock Exchange (NYSE) that he is not aware of any violation by the Company of the NYSE corporate governance listing standards. The Company has provided certifications by the Chairman & Chief Executive Officer and the Senior Vice President & Chief Financial Officer regarding the quality of the Company's public disclosure, as required by Section 302 of the Sarbanes-Oxley Act, on Exhibit 31 in its 2010 Annual Report on Form 10-K.

## TRADEMARKS

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## HI-CONE RECYCLING

ITW Hi-Cone, manufacturer of recyclable multi-pack ring carriers, offers assistance to schools, offices and communities interested in establishing carrier collection programs.

For more information, please contact:

ITW HI-CONE  
1140 West Bryn Mawr Avenue  
Itasca, IL 60143  
630.438.5300  
www.hi-cone.com

Outside the United States, contact:

## ITW HI-CONE (ITW LIMITED)

Abbey House  
1650 Arlington Business Park  
Theale  
RG7 4SA Berkshire, United Kingdom  
44.1189.298082

## ITW HI-CONE (ITW ESPAÑA)

Polg. Ind. Congost P-5, Naves 7-8-9,  
08530 La Garriga, Barcelona, Spain  
34.93.860.5020

## SIGNODE PLASTIC STRAP RECYCLING AND PET BOTTLE COLLECTION PROGRAMS

Some of Signode's plastic strapping is made from post-consumer strapping and PET beverage bottles. The Company has collection programs for both these materials. For more information about post-consumer strapping recycling and post-consumer PET bottles (large volume only), please contact:

## ITW SIGNODE

7080 Industrial Road  
Florence, KY 41042  
859.342.6400

## INTERNET HOME PAGE

[www.itw.com](http://www.itw.com)

## DESIGN

Smith Design Co.  
Evanston, Illinois





ILLINOIS TOOL WORKS INC.  
3600 West Lake Avenue  
Glenview, Illinois 60026