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.
## Financial Highlights

### Operating Results

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$15,870,376</td>
<td>$13,877,068</td>
<td>$17,100,341</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,356,678</td>
<td>1,385,979</td>
<td>2,501,286</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>14.8%</td>
<td>10.0%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$1,527,193</td>
<td>$969,490</td>
<td>$1,691,093</td>
</tr>
</tbody>
</table>

### Operating revenues by segment:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>$2,531,304</td>
<td>$2,070,938</td>
<td>$2,347,366</td>
</tr>
<tr>
<td>Industrial Packaging</td>
<td>2,276,774</td>
<td>1,895,704</td>
<td>2,618,922</td>
</tr>
<tr>
<td>Power Systems &amp; Electronics</td>
<td>1,942,054</td>
<td>1,614,472</td>
<td>2,356,853</td>
</tr>
<tr>
<td>Food Equipment</td>
<td>1,871,511</td>
<td>1,859,277</td>
<td>2,133,186</td>
</tr>
<tr>
<td>Construction Products</td>
<td>1,755,028</td>
<td>1,529,510</td>
<td>1,990,683</td>
</tr>
<tr>
<td>Polymers &amp; Fluids</td>
<td>1,359,542</td>
<td>1,155,838</td>
<td>1,249,653</td>
</tr>
<tr>
<td>Decorative Surfaces</td>
<td>1,007,848</td>
<td>998,191</td>
<td>1,230,995</td>
</tr>
<tr>
<td>All Other</td>
<td>3,219,272</td>
<td>2,786,695</td>
<td>3,226,927</td>
</tr>
</tbody>
</table>

### Per Share of Common Stock

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from continuing operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$3.05</td>
<td>$1.94</td>
<td>$3.26</td>
</tr>
<tr>
<td>Diluted</td>
<td>3.03</td>
<td>1.93</td>
<td>3.24</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>$1.27</td>
<td>$1.24</td>
<td>$1.15</td>
</tr>
</tbody>
</table>

### Returns

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average invested capital</td>
<td>15.3%</td>
<td>10.7%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Return on average stockholders’ equity</td>
<td>16.8</td>
<td>11.8</td>
<td>19.9</td>
</tr>
</tbody>
</table>

### Liquidity and Capital Resources

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free operating cash flow</td>
<td>$1,274,618</td>
<td>$1,899,487</td>
<td>$1,859,912</td>
</tr>
<tr>
<td>Total debt to capitalization</td>
<td>23.2%</td>
<td>26.2%</td>
<td>32.4%</td>
</tr>
</tbody>
</table>

*Note: Certain reclassifications of prior years' data have been made to conform with current year reporting.*
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
- Deltar
- Drawform
- Evercoat
- Filtertek
- Permatex
- Shakeproof
- Slime
- Wynn’s

**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
- Angleboard
- Fleetwood
- Orgapack
- Pabco
- Signode
- Strapex

**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
- Bernard
- Elga
- Hobart
- Kester
- Miller
- Speedline
- Tien Tai
- Tregaskiss
- Trimark
- Vitronics Soltec
- 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
- Bonnet
- Foster
- Gaylord
- Hobart
- Kairak
- MBM
- Peerless
- Thirode
- Traulsen
- Vulcan
- 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
- ITW Brands
- Buildex
- Paslode
- Proline
- Pryda
- Ramset
- Red Head
- Reid
- SPLIT
- Suki
- 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
- Devcon
- Dymon
- Futura
- Krafft
- LPS
- Novadan
- Panireac
- Plexus
- ITW Polymer Technologies
- Prolim
- Rocol
- Schnee-Morehead
- Stokvis Tapes
- TACC

### 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%

**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%
Revenue Diversification

**Comparative Revenues by End Market**

- **2000**
  - $9.2 Billion
  - 16% Auto OEM/Tiers
  - 16% Food Institutional/Restaurant/Service
  - 15% General Industrial
  - 14% Commercial Construction
  - 6% Residential Construction
  - 5% Consumer Durables
  - 5% Renovation Construction
  - 4% Beverage & Food
  - 3% Auto Aftermarket
  - 3% Electronics
  - 3% Primary Metals
  - 10% Other

- **2010**
  - $15.9 Billion
  - 17% General Industrial
  - 13% Food Institutional/Restaurant/Service
  - 11% Auto OEM/Tiers
  - 9% Commercial Construction
  - 6% Residential Construction
  - 6% Beverage & Food
  - 5% Renovation Construction
  - 5% Auto Aftermarket
  - 4% Consumer Durables
  - 4% Electronics
  - 4% Primary Metals
  - 16% Other

**Comparative Revenues by Geography**

- **2000**
  - 66% North America
  - 26% Europe, Middle East and Africa
  - 8% Asia Pacific and Other

- **2010**
  - 48% North America
  - 32% Europe, Middle East and Africa
  - 20% Asia Pacific and Other

**25-Year Revenue/Operating Income**

- Revenue (in millions)
- Operating Income (in millions)

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.
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
INNOVATION KNOWS NO BOUNDARIES. It’s a truth we have long embraced at ITW, and it’s one of the reasons why our total revenue growth in 2010 exceeded our expectations.

Innovation appears in the form of custom tapes designed by ITW for mobile phone manufacturers in China, headed for consumers hungry for the latest electronics. It may take the shape of a lightweight door handle engineered by an ITW automotive group—parts that ultimately help make car ownership economical for families in India. Innovation also happens in Europe, where ITW’s unique commercial cooking and retail hardware offerings are serving highly selective customers. And in places as far from each other as Arkansas and Singapore, innovation is born from ITW’s customer-driven strategies and product design.

At ITW, innovation is deeply linked to our global presence and our ability to achieve above-market growth rates in 2010. Bringing innovative products to the world’s fastest growing regions—as well as established, competitive markets—help expand our global footprint, deliver the solutions that our customers expect, and drive growth for our shareholders.
The reported percentage of the oil rig platform fabrication industry based in Singapore.*

80%

*Stan Wen
Formulator, Hobart

Rick Hutchison
Arc Research Physicist,
Miller Electric

Vianney Martawibawa
Vice President,
ITW Welding Singapore

Joe Fink
Project Manager, Miller Electric
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.
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.
Die-cut Screens

Custom, die-cut screens and tapes created by Stovkus and M&C Specialties are essential to the manufacture of today’s consumer electronics.

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

60%
Auto Components
Lightweight auto parts engineered by Deltar make exceptionally affordable models like the Tata Nano possible.

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

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

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.
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.
$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.

Celso Ricardo Nisterenko
Brazil Sales Manager, Instron

Paulo Huet Alipio
Laboratory Manager, Usiminas
Chemsurf
Chemical-resistant laminate countertops from Wilsonart are ideal for Asia’s growing industrial and commercial development.

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

*Million Square Feet

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.
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.
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.
# Corporate Executives & Directors

## Corporate Executives

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years of Service</th>
</tr>
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<tbody>
<tr>
<td>DAVID B. SPEER</td>
<td>Chairman &amp; Chief Executive Officer</td>
<td>32</td>
</tr>
<tr>
<td>THOMAS J. HANSEN</td>
<td>Vice Chairman</td>
<td>30</td>
</tr>
<tr>
<td>DAVID C. PARRY</td>
<td>Vice Chairman</td>
<td>16</td>
</tr>
<tr>
<td>E. SCOTT SANTI</td>
<td>Vice Chairman</td>
<td>27</td>
</tr>
<tr>
<td>ROBERT E. BRUNNER</td>
<td>Executive Vice President</td>
<td>30</td>
</tr>
<tr>
<td>TIMOTHY J. GARDNER</td>
<td>Executive Vice President</td>
<td>13</td>
</tr>
<tr>
<td>PHILIP M. GRESH, JR.</td>
<td>Executive Vice President</td>
<td>21</td>
</tr>
<tr>
<td>CRAIG A. HINDMAN</td>
<td>Executive Vice President</td>
<td>34</td>
</tr>
<tr>
<td>ROLAND M. MARTEL</td>
<td>Executive Vice President</td>
<td>16</td>
</tr>
<tr>
<td>STEVEN L. MARTINDALE</td>
<td>Executive Vice President</td>
<td>8</td>
</tr>
<tr>
<td>SUNDARAM NAGARAJAN</td>
<td>Executive Vice President</td>
<td>19</td>
</tr>
<tr>
<td>CHRISTOPHER A. O'HERLIHY</td>
<td>Executive Vice President</td>
<td>21</td>
</tr>
<tr>
<td>JUAN VALLS</td>
<td>Executive Vice President</td>
<td>21</td>
</tr>
<tr>
<td>JANE L. WARNER</td>
<td>Executive Vice President</td>
<td>5</td>
</tr>
<tr>
<td>SHARON M. BRADY</td>
<td>Senior Vice President, Human Resources</td>
<td>4</td>
</tr>
<tr>
<td>RONALD D. KROPP</td>
<td>Senior Vice President &amp; Chief Financial Officer</td>
<td>17</td>
</tr>
<tr>
<td>ALLAN C. SUTHERLAND</td>
<td>Senior Vice President, Taxes &amp; Investments</td>
<td>17</td>
</tr>
<tr>
<td>JAMES H. WOOTEN, JR.</td>
<td>Senior Vice President, General Counsel &amp; Secretary</td>
<td>22</td>
</tr>
<tr>
<td>JOHN L. BROOKLIER</td>
<td>Vice President, Investor Relations</td>
<td>19</td>
</tr>
<tr>
<td>MARK W. CROLL</td>
<td>Vice President, Intellectual Property</td>
<td>16</td>
</tr>
<tr>
<td>DR. LEI Z. SCHLITZ</td>
<td>Vice President, Research &amp; Development</td>
<td>2</td>
</tr>
</tbody>
</table>

## Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARVIN D. BRAILSFORD</td>
<td>Retired Vice President</td>
<td></td>
</tr>
<tr>
<td>SUSAN CROWN</td>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>DON H. DAVIS, JR.</td>
<td>Retired Chairman of the Board</td>
<td></td>
</tr>
<tr>
<td>ROBERT C. McCORMACK</td>
<td>Advisory Director</td>
<td></td>
</tr>
<tr>
<td>ROBERT S. MORRISON</td>
<td>Retired Vice Chairman</td>
<td></td>
</tr>
<tr>
<td>JIM SKINNER</td>
<td>Vice Chairman and Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>DAVID B. SMITH, JR.</td>
<td>Executive Vice President for Policy &amp; Legal Affairs and General Counsel</td>
<td></td>
</tr>
<tr>
<td>DAVID B. SPEER</td>
<td>Chairman &amp; Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>PAMELA B. STROBEL</td>
<td>Retired Executive Vice President and Chief Administrative Officer</td>
<td></td>
</tr>
<tr>
<td>KEVIN M. WARREN</td>
<td>President, U.S. Customer Operations</td>
<td></td>
</tr>
<tr>
<td>ANRÉ D. WILLIAMS</td>
<td>President, Global Commercial Card</td>
<td></td>
</tr>
</tbody>
</table>

---

**ILLINOIS TOOL WORKS INC.** 27
Eleven-Year Financial Summary

DOLLARS AND SHARES IN THOUSANDS EXCEPT PER SHARE AMOUNTS

<table>
<thead>
<tr>
<th>INCOME:</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$15,870,376</td>
<td>$13,877,068</td>
<td>$17,100,341</td>
</tr>
<tr>
<td>Operating income</td>
<td>$2,356,678</td>
<td>$1,385,979</td>
<td>$2,501,286</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$2,211,993</td>
<td>$1,213,790</td>
<td>$2,351,538</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$684,800</td>
<td>244,300</td>
<td>660,445</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$1,527,193</td>
<td>969,490</td>
<td>1,691,093</td>
</tr>
<tr>
<td>Income (loss) from discontinued operations (net of tax)</td>
<td>-</td>
<td>$(22,481)</td>
<td>$(172,090)</td>
</tr>
<tr>
<td>Cumulative effect of changes in accounting principles (net of tax)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,527,193</td>
<td>947,009</td>
<td>1,519,003</td>
</tr>
</tbody>
</table>

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
- Net income: $1.89, 2.91

FINANCIAL POSITION:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net working capital</td>
<td>$2,874,809</td>
<td>$2,838,957</td>
<td>$928,886</td>
</tr>
<tr>
<td>Net plant and equipment</td>
<td>$2,023,045</td>
<td>$2,136,527</td>
<td>$2,109,432</td>
</tr>
<tr>
<td>Total assets</td>
<td>$16,250,273</td>
<td>$16,081,984</td>
<td>$15,203,551</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$2,511,959</td>
<td>$2,914,874</td>
<td>$1,247,883</td>
</tr>
<tr>
<td>Total debt</td>
<td>$2,829,746</td>
<td>$3,128,555</td>
<td>$3,681,856</td>
</tr>
<tr>
<td>Total Invested capital</td>
<td>$11,020,954</td>
<td>$10,627,659</td>
<td>$10,613,997</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>$9,318,246</td>
<td>$8,817,876</td>
<td>$7,675,091</td>
</tr>
</tbody>
</table>

CASH FLOW:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free operating cash flow</td>
<td>$1,274,618</td>
<td>$1,899,487</td>
<td>$1,859,912</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>$636,200</td>
<td>619,681</td>
<td>598,690</td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>$1.270</td>
<td>1.240</td>
<td>1.150</td>
</tr>
<tr>
<td>Dividends declared per share</td>
<td>$1.300</td>
<td>1.240</td>
<td>1.180</td>
</tr>
<tr>
<td>Plant and equipment additions</td>
<td>$286,172</td>
<td>247,102</td>
<td>362,312</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$334,388</td>
<td>366,127</td>
<td>367,615</td>
</tr>
<tr>
<td>Amortization and impairment of goodwill and other intangible assets</td>
<td>$213,890</td>
<td>308,798</td>
<td>324,292</td>
</tr>
</tbody>
</table>

FINANCIAL RATIOS:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income margin</td>
<td>%14.8</td>
<td>10.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Return on average stockholders’ equity</td>
<td>%16.8</td>
<td>11.8</td>
<td>19.9</td>
</tr>
<tr>
<td>Return on average invested capital</td>
<td>%15.3</td>
<td>10.7</td>
<td>16.0</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$18.85</td>
<td>17.55</td>
<td>15.38</td>
</tr>
<tr>
<td>Total debt to total capitalization</td>
<td>%23.2</td>
<td>26.2</td>
<td>32.4</td>
</tr>
</tbody>
</table>

OTHER DATA:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price per share at year-end</td>
<td>$53.40</td>
<td>47.99</td>
<td>35.05</td>
</tr>
<tr>
<td>Shares outstanding at December 31</td>
<td>497,744</td>
<td>502,336</td>
<td>499,115</td>
</tr>
<tr>
<td>Weighted average shares outstanding</td>
<td>500,772</td>
<td>500,177</td>
<td>518,609</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>$220,462</td>
<td>198,536</td>
<td>212,658</td>
</tr>
<tr>
<td>Employees at December 31</td>
<td>$61,000</td>
<td>59,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Number of acquisitions</td>
<td>24</td>
<td>26</td>
<td>50</td>
</tr>
<tr>
<td>Cash paid for acquisitions</td>
<td>$433,403</td>
<td>281,674</td>
<td>1,546,982</td>
</tr>
</tbody>
</table>

Note: Certain reclassifications of prior years' data have been made to conform with current year reporting.
<table>
<thead>
<tr>
<th>Year</th>
<th>Free Operating Cash Flow (in Millions of Dollars)</th>
<th>Total Debt to Total Capitalization (in Percent)</th>
<th>Return on Average Stockholders' Equity (in Percent)</th>
<th>Return on Average Invested Capital (in Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2001</td>
<td>298,838</td>
<td>30%</td>
<td>17.3</td>
<td>15.3</td>
</tr>
<tr>
<td>2002</td>
<td>287,819</td>
<td>29%</td>
<td>16.9</td>
<td>14.8</td>
</tr>
<tr>
<td>2003</td>
<td>277,819</td>
<td>26%</td>
<td>16.7</td>
<td>13.4</td>
</tr>
<tr>
<td>2004</td>
<td>267,819</td>
<td>25%</td>
<td>16.3</td>
<td>12.3</td>
</tr>
<tr>
<td>2005</td>
<td>258,819</td>
<td>24%</td>
<td>15.9</td>
<td>11.6</td>
</tr>
<tr>
<td>2006</td>
<td>248,819</td>
<td>23%</td>
<td>15.5</td>
<td>10.9</td>
</tr>
<tr>
<td>2007</td>
<td>238,819</td>
<td>22%</td>
<td>15.2</td>
<td>10.7</td>
</tr>
<tr>
<td>2008</td>
<td>228,819</td>
<td>21%</td>
<td>14.9</td>
<td>10.6</td>
</tr>
<tr>
<td>2009</td>
<td>218,819</td>
<td>20%</td>
<td>14.6</td>
<td>10.4</td>
</tr>
<tr>
<td>2010</td>
<td>208,819</td>
<td>19%</td>
<td>14.2</td>
<td>10.1</td>
</tr>
</tbody>
</table>

**Illiinois Tool Works Inc.**
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.

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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)
Pol. 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

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Evanston, Illinois