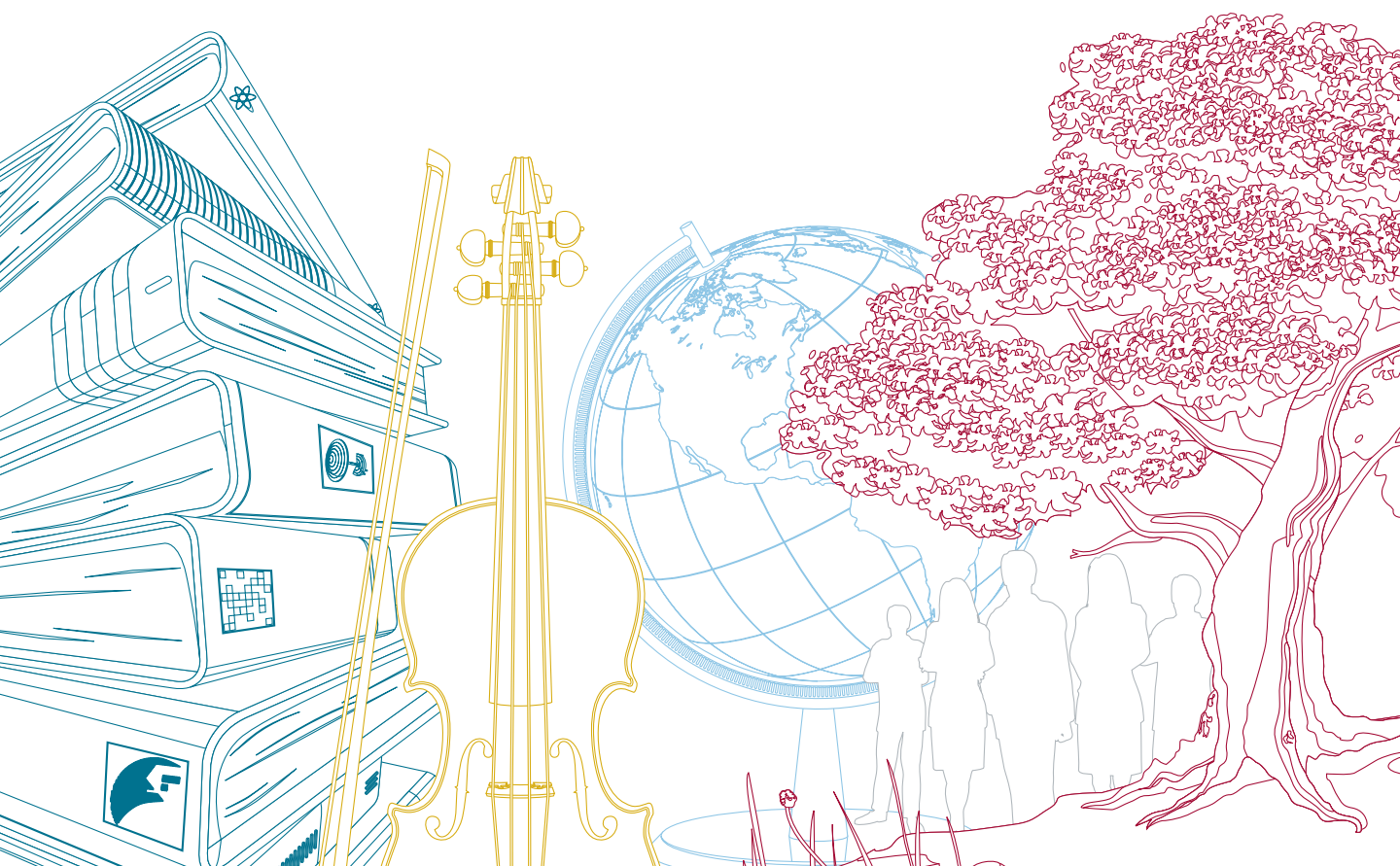




Commitment knows no boundaries



ILLINOIS TOOL WORKS INC.
2010 CORPORATE SOCIAL RESPONSIBILITY
REPORT



At ITW, corporate responsibility knows no boundaries. As our presence in the world's fastest growing markets increased, so did our commitment to the communities in which our employees work and live. In fact, our diverse array of charitable programs reached record-breaking contribution levels, our environmental record has steadily improved, and our employees and retirees touched thousands of lives through volunteer efforts and matching gifts. In 2010, ITW's growth in emerging and established markets exceeded expectations and extended the far-reaching impact of our corporate giving programs and local initiatives.

Environmental Responsibility

Industrial manufacturing companies like ITW have a special obligation to protect our environment. We rely on and consume natural resources to make our products, and our role in the industrial supply chain creates opportunities for sustainable practices. With hundreds of individual businesses around the globe, it's no small challenge. We are often asked, "How can you support sustainability over a vast, decentralized group of businesses?"

DECENTRALIZATION – DEVELOPING LOCAL, SUSTAINABLE PRACTICES

The fact is, ITW's environmental commitment is *strengthened* by decentralization because it gives our businesses the flexibility to develop sustainable, innovative approaches when and where they are needed. However, each business must follow the corporate ITW Sustainability Policy as a guide for its sustainability plans. Our businesses are also supported by an array of internal tools and resources, and the results of their efforts are reported annually to our Board of Directors through ITW's Environmental, Health, Safety and Sustainability Department.

In 2010, a number of ITW businesses embarked on new initiatives that are helping us keep our commitment to protecting the environment. Below are just a few highlights from nearly 70 new sustainability-related projects initiated or enhanced in 2010:

- **LUMEX** – Lumex represents the way that many of our businesses hold their operations to the same energy-efficient standards and solutions that they offer to customers. Lumex manufactures LED lighting replacements that use 50 percent less energy than traditional, incandescent lighting sources. Internally, the business does not use any incandescent bulbs, turns the lights off in non-active building areas, incorporates multi-zonal temperature control, and follows a company-wide, rigorous recycling program.



70%
MORE
EFFICIENT

Foster's new Eco Pro and Eco Premier commercial refrigerator models dramatically improve energy efficiency. Internally, Foster has reduced its carbon footprint 10.3 percent and reduced waste over 50 percent.

Richard Darwin
Marketing Executive

John Savage
UK Foodservice Director

FOSTER REFRIGERATOR DRIVING SUSTAINABILITY IN THE INDUSTRY

In 2010, ITW's Foster Refrigerator became the first refrigeration company in the world to earn certification to the Carbon Trust Standard, one of the most rigorous measures of an organization's commitment to carbon reduction. Ten percent of the world's carbon dioxide (CO₂) emissions (gases linked to climate change) come from refrigeration manufacturing and use, with over 100 million tons generated in the United Kingdom alone.* But Foster, a long-time industry innovator based in Norfolk, England, is redefining the impact of refrigeration manufacturing on the environment.

Foster's new Eco Pro and Eco Premier commercial models feature award-winning designs that reduce the cost of running a standard 21-cubic foot unit by 70 percent. The models also save .88 tons of carbon emissions per unit each year. Foster has even engineered the first commercial refrigeration products with environmentally safe refrigerant compounds, which can claim zero ozone depletion. (Dangerous refrigerants have been eliminated from the industry, but their replacements are still considered damaging to the environment.) Foster has also pioneered the use of certain coils and foam that prevent refrigerants from leaking into the atmosphere.

Beyond product design, Foster has maintained a carbon footprint reduction of 10.3 percent (since 2008) and initiated a factory-to-customer delivery process that reduces harmful emissions. They have employed numerous sustainable practices into their manufacturing and supply chain, reducing chemical waste and packaging by well over 50 percent. The changes represent a long-term commitment by Foster. In fact, the Carbon Trust only measures *real* commitment to carbon reduction over time—not mere good intentions or one-time programs—making Foster a model for other businesses.

*The Institute of Refrigeration, 2008.

**Equivalency Values provided by A Greener Solution, based on data from the U.S. Environmental Protection Agency and other organizations.

- **SPACE BAG** – This innovative storage product business redesigned its retail display approach, resulting in 11 percent less paperboard used in the construction of its displays. That change translates into an annual reduction of 26 tons of paper. (Space Bag's paper board contains post consumer recycled content.) Internally, Space Bag has taken steps to reduce the environmental impact of their facility by installing sensors and energy efficient lighting. This resulted in a 40 percent reduction in electricity consumption.
- **HI-CONE** – The innovative, photodegradable plastic ring beverage carriers produced by Hi-Cone significantly reduce paper, fuel, carbon emissions and waste compared with traditional packaging. The business's trademark "min=max" approach to packaging—minimum impact with maximum benefit—has earned industry and ITW's recognition, while the internal recycling program in its U.S. facilities is reducing the equivalent of 40,000 gallons of oil and 1,000 cubic yards of waste each month.** (Hi-Cone employees also participate in an annual Adopt-a-Beach volunteer clean-up effort.)

ITW GLOBAL CARBON EMISSIONS DATA COLLECTION UNDERWAY

ITW recently implemented a web-based program to collect data from each of our business units on the amount of electricity, natural gas, oil and propane consumed. Our goal is to determine and address the total amount of harmful carbon dioxide (CO₂) emissions related to our operations and reduce energy consumption. CO₂ is a "greenhouse gas," so called because it traps the sun's energy in the atmosphere, which can contribute to climate change. (See p. 5 for more information on our 2010 global resource consumption data.)

ITW also increased the number of businesses registered with the International Organization for Standardization (ISO) 14001, for a current total of 55 sites. ISO sets environmental management standards to help organizations minimize their impact and comply with regulations.

STRICT COMPLIANCE WITH MANDATORY EMISSIONS TRADING PROGRAMS

As ITW continues its own emissions reporting program, it also participated in two major mandatory emissions reporting schemes: one in the United Kingdom, the Carbon Reduction Commitment Energy Efficiency Scheme, and the other in Australia, the National Greenhouse and Energy Reporting Act. At this time, the two programs primarily involve data reporting. However, these initial efforts are intended to support emissions trading schemes in the near future.

Emissions trading ("cap and trade") markets are developing globally in response to concerns about increased CO₂ emissions. These government-run programs allow organizations to trade emissions permits, generating revenue for those who require fewer permits and providing, at a cost, flexibility for those who need more. (Emissions trading programs in other nations, such as the U.S., are currently limited to voluntary, regional markets.) Our compliance will help in our internal efforts to track this data.

TAKING ENVIRONMENTAL RESPONSIBILITY ON THE ROAD

One source affects more than 30 percent of a vehicle's fuel efficiency: the driver.

That's why our Hobart Service and Instron business units recently partnered with GreenDriver,[™] a firm that reduces CO₂ emissions from fleet vehicles through driver education, behavior management and measurement.

Interactive online courses instruct drivers, while in-vehicle telematic devices measure behaviors such as rapid acceleration/ deceleration, speed, and idling. Personal scorecards and peer rating systems help drivers understand and improve their results. In just six months, the partnership resulted in:

13%
reduced carbon emissions

12%
fewer miles driven

12%
reduction in annual fuel spend (projected)

Diversity and Inclusion

CONTINUED IMPROVEMENT WITH THE CARBON DISCLOSURE PROJECT

The Carbon Disclosure Project (CDP) is an independent, not-for-profit organization that maintains the largest database on corporate greenhouse gas emissions in the world. CDP makes the scoring of participating organizations accessible to the public. ITW has participated in this voluntary disclosure for several years, and each year we have been pleased to see our score improve. In 2010, we scored 73 in our category, reflecting an eight percent increase over 2009. We also responded to CDP's new Water Disclosure Survey. This aggregated data is also made available to the institutional investors, policymakers, researchers, and others who turn to CDP to help address environmental issues.

STRATEGIC SOURCING "GO GREEN" 2010 WINS

Our corporate Strategic Sourcing Department's Go Green initiative is part of the support ITW provides to our business units' sustainability efforts, and it's key to reducing our overall environmental impact. In 2010, notable achievements under Go Green included lighting retrofits at eleven business units, which we expect will yield a **50 percent year-over-year reduction in electricity usage; five million pounds of material recycled as part of Go Green's Waste Reduction Program**; and the GreenDriver[™] partnership, which achieved significant reductions in reducing transportation-based CO₂ emissions. (See sidebar at left)

As a global company with hundreds of businesses around the world, ITW's employees represent a highly diverse group of languages, ethnicities, and cultures. That's just one reason we're especially sensitive to respecting these differences and encouraging the advancement of historically disadvantaged groups. ITW is also a company fueled by ideas and innovation, and we believe that a diverse workforce—one that can draw from different perspectives and experiences—generates the ideas that make for a more vibrant, effective organization.

NEW STRATEGIES FOR WOMEN'S ADVANCEMENT

In 2010, ITW expanded its efforts to support women at our company and, in particular, within the field of engineering. The following initiatives supplement ongoing, robust efforts to recruit women into management positions.

- Our existing partnership with **THE SOCIETY OF WOMEN ENGINEERS (SWE)** was strengthened in 2010 as we expanded our presence at SWE's annual conference. Sixteen ITW engineers and managers participated in recruiting and professional development events. Dr. Lei Schlitz, ITW vice president of research and development, served as a plenary member of the conference's global leadership panel.

2010 Environmental and Safety Data

ENERGY

(thousand MWh)

Direct Energy	
Natural Gas	1,100
Heating/Fuel Oil	500
Coal	200
Propane (Fork Trucks)	40
Total Direct Energy	1,840
Indirect Energy	
Electricity	1,300
Total Indirect Energy	1,300
Total Energy	3,140

EMISSIONS

(thousand metric tons CO₂e)

Calculated Direct Emissions	
Calculated CO ₂ e – Natural Gas	200
Calculated CO ₂ e – Heating/Fuel Oil	100
Calculated CO ₂ e – Coal	50
Calculated CO ₂ e – Propane	10
Total Direct Emissions Calculated CO₂e	360
Calculated Indirect Emissions	
Calculated CO ₂ e – Electricity	700
Total Indirect Emissions CO₂e	700
Total Calculated Emissions	1,060

INTENSITY INDICATORS*

(MWh/million \$ Operating Revenue)

Energy Intensity	200
Emissions Intensity	83

WATER WITHDRAWAL

(thousand US gallons)

Water Withdrawal – Purchased	1,903,000
Water Withdrawal – Non-Purchased	414,400
Total Water Withdrawn	2,317,400

SOLID WASTE

(thousand US tons)

Hazardous and Special Industrial Waste	13
Non-Hazardous Waste	160
Total Waste	173

SAFETY

Injuries Resulting in Days Away	650
Fatalities	-

REGULATORY

Government Safety Inspections (Units)	200
Resulting Fines	\$63,900
Government Environmental Inspections (Units)	100
Resulting Fines	\$43,500

* Only operating revenue from participating business units was used in the calculation of intensity metrics.

The reporting boundary for this data includes companies over which ITW has operational control, with the exception of leased non-manufacturing facilities. The reporting boundary does not include joint ventures. Approximately 87 percent of facilities have provided the required information for the 2010 reporting year. The uncertainty of the data is as follows: Gross direct emissions +/- 1.2 percent and gross indirect emissions +/- 0.5 percent. Neither emissions nor consumption values were verified by a third party.



\$1.1 MILLION

The ITW Foundation pledged \$1.1 million for renovation of four science and engineering laboratories at the University of Illinois at Chicago.

UNIVERSITY OF ILLINOIS AT CHICAGO LABORATORIES ESSENTIAL FOR SCIENCE EDUCATION

As a public university in the heart of Chicago, the University of Illinois at Chicago (UIC) provides critical access to higher education to a diverse body of students from the city and all over the world. At one time, UIC was known for its state-of-the-art science laboratories. But the labs, which are used by 6,000 students every year, including 3,000 natural science majors, had not been renovated in 45 years.

With the help of James H. Wooten, Jr., ITW's senior vice president and general counsel, the ITW Foundation pledged \$1.1 million for renovation, and in 2010, work was completed on three of four science and engineering laboratories. Mr. Wooten, who began in UIC's College of Engineering and received his degree from the College of Liberal Arts and Sciences (LAS), credits UIC for helping him advance in his career. His involvement with UIC's LAS Board of Visitors and his connection to key leaders at ITW allowed him to form a UIC/ITW team to advocate for and develop the project. The result is a far-reaching gift that will double the number of sections taught, give more students access to the laboratories, and allow for a revamped curriculum.

"ITW is a company that believes in investing in the communities in which our employees work and live and encourages all of us to do the same," Wooten said in *Milestones*, a UIC publication. "I believe that education is the key to advancement in this world as it arms you with choices. Without an education, your choices in life are severely limited...investing in the quality of education at UIC also has great potential for our businesses and is a win-win because as UIC students seek employment opportunities, whether summer internships, cooperative education opportunities or upon graduation, we hope that they will consider ITW."

- In 2010 ITW formed a new **WOMEN IN TECHNOLOGY (WIT)** group to provide additional support for our female engineers and those with technical backgrounds. Plans were developed to create opportunities for Q&A sessions and more direct contact with senior leadership; tours of local business units, and professional development workshops in partnership with the SWE.
- ITW joined **CATALYST, INC.**, a non-profit, research-based organization comprised of members from businesses, associations and schools and dedicated to creating workplaces that enable women to succeed. We look forward to learning from their insights and best practices.

SUPPORT FOR HISPANIC AND AFRICAN-AMERICAN ENGINEERS

- In 2010, ITW began the first year of our participation in the **UNCF CORPORATE SCHOLARS PROGRAM** (UNCF is formerly the United Negro College Fund). ITW hosted five UNCF summer engineering interns at various business units. Upon completion of the internship, the interns received a \$5,000 scholarship toward their education in a science, math or engineering program.
- ITW also continued its strong support of the Society of Hispanic Professional Engineers and the National Society of Black Engineers through advertising in their respective publications.

CELEBRATING DIVERSITY IN ITW LEADERSHIP

ITW is dedicated to recruiting people of color and women and supporting their advancement into leadership positions. Several of our leaders and managers have been recognized for their outstanding achievements:

- **MARIA C. GREEN** deputy general counsel and assistant secretary, was named in the *Profiles in Diversity Journal* as one of the "Women Worth Watching in 2011." Ms. Green has completed over 100 acquisitions with acquired revenues in excess of \$4 billion.
- **ANN MANIKAS**, vice president of leadership and organizational development, was honored by *Diversity MBA Magazine* on their 2010 list, Top 100 Under 50 Diverse Executive and Emerging Leaders.
- **JAMES H. WOOTEN JR.**, senior vice president and general counsel, was named on *Savoy* magazine's list of the Top 100 Most Influential Blacks in Corporate America—a category that received over 500 nominations. (See profile at left for more on Mr. Wooten.)

The ITW Foundation

“Giving back” has been part of ITW’s values since our founding nearly 100 years ago. The ITW Foundation, the corporate charitable branch of ITW, continues to meet this commitment through both direct giving and a generous matching gift program. The opportunity for thousands of employees to participate in this program, along with the foundation’s national presence, gives our social commitment a far-reaching and locally relevant impact.

In 2010, the ITW Foundation contributed \$17.7 million to various human service, educational, youth, and environmental organizations in the U.S. and Canada.

2010 CHARITABLE CONTRIBUTIONS

\$9,282,000
Charitable Contributions

\$7,602,000
Matching Gift Program

\$839,000
Scholarships

\$17,723,000
Total ITW Foundation

\$2,962,000
ITW Corporate Contributions for Sponsorships

\$20,685,000
Total Giving Picture

HISTORIC UNITED WAY CAMPAIGN SURPASSES \$10 MILLION

The United Way is ITW’s preferred charity, and one of our most significant partnerships. Each year, ITW manages a United Way campaign across the United States and Canada, with the ITW Foundation matching employee and retiree donations. In 2010, for the first time in our history, we surpassed the \$10 million mark by raising a combined total of \$10.4 million. These funds will be leveraged in more than 530 United Way local markets. A total of 550 business units in the U.S. and Canada participated, with many of them reaching over 90 percent participation.

OVER \$800,000 IN SCHOLARSHIPS FOR ITW EMPLOYEES’ CHILDREN AND DEPENDENTS

In 2010, ITW provided \$839,000 in scholarships for the children and eligible dependents of ITW employees. This amount reflects a six percent increase over 2009. The scholarships are managed by Scholarship America, with 237 students receiving scholarships. Through the National Merit Scholarship program, ITW awarded scholarships to an additional 121 students.

THREE-FOR-ONE MATCHING GIFT PROGRAM EXTENDS LOCAL PHILANTHROPY

In addition to many direct giving programs, the ITW Foundation will match up to \$5,000 of a donor’s contribution, multiplied by three, to benefit U.S. and Canadian organizations. That means that our employees and retirees have a pool of up to \$15,000 they can leverage for the qualifying organization of their choice. The Matching Gift program is a highly effective way to increase the impact and services of specific, local charitable organizations, while supporting our employee’s own philanthropic passions—what they determine is best according to their own interests and community needs. This year the program contributed \$7.6 million to a diverse group of local organizations, an increase of nearly 34 percent over 2009.

JUNIOR ACHIEVEMENT TOUCHES THOUSANDS OF STUDENTS IN 2010

The ITW Foundation has been a long-time supporter of Junior Achievement, which provides volunteer-run extracurricular financial education to nurture an understanding of free enterprise while building leadership and



YOUNG FILMMAKERS WIN UNITED WAY’S “BEST VIDEO” AWARD

To reach thousands of employees about our annual United Way campaign, ITW typically relies on professional firms to produce a video. In the spirit of innovation, we recently began a new approach: arranging for Glenbrook South High School media students (the school is near ITW’s corporate office), the Boys and Girls Club of Waukegan, Illinois and Chicago-based Dreaming Tree Films to produce the video for our campaign.

The collaboration resulted in the “Best Video” award from United Way accepted by students and CEO David Speer in 2010. The award was a first for ITW in a contest that attracts many other organizations across the country that support United Way.

The students’ photography, interviews with senior leadership, and production work provided an invaluable real-world learning experience and helped raise millions of fundraising dollars for United Way. The considerable cost savings also allowed us to keep more funds in the ITW Foundation.

the entrepreneurial spirit in young people. In 2010, we supported nine chapters across the U.S. A few groups deserve special mention for their accomplishments:

- **MILLER ELECTRIC** in Wisconsin provided 81 volunteers trained in the Junior Achievement curriculum, which reached approximately 2900 local students. Miller remains the second largest provider of employee volunteer support in the region.
- **ITW’S ANNUAL BOWL-A-THON** raised over \$800,000 for the Chicago Chapter—a record for ITW and Junior Achievement. The ITW corporate office and several of our Chicago-area businesses also provided 154 trained Junior Achievement volunteers that reached approximately 5,400 local students.

27 CAPITAL CAMPAIGNS MOVE FORWARD

In 2010, ITW continued to support 27 ongoing capital campaigns—“bricks and mortar” funding—for hospitals, museums, schools, community centers and more where our employees work and live. Examples include a new emergency room for a medical center in Appleton, Wisconsin; private chemotherapy rooms for the Scott & White Memorial Hospital in Temple, Texas; construction and renovation projects for the Adler Planetarium in Chicago, Illinois; upgrades for the Miami County Dental Clinic in Troy, Ohio and many more. These capital campaign commitments promise a set amount to be paid out over five years. In 2010, ITW made annual payments totaling \$2.8 million, all in communities with a significant concentration of ITW people.

NEW PLEDGES AND GRANTS APPROVED

- ITW invested several million dollars in local organizations that enhance education, culture, community support, and health and human services. These contributions take the form of pledges and grants that are paid out annually. ITW is proud to support our community with pledge commitments aligned to Capital Campaign projects and with grants for use of general operating expenses.
- A major ITW pledge for the renovation of the laboratories at the University of Illinois at Chicago was completed in 2010. Our donation for the renovations totaled \$1.1 million. (See profile on p. 7.)

RECOGNITION FOR SENIOR-LEVEL PHILANTHROPIC LEADERSHIP

Social commitment is an important part of our corporate culture—and it starts at the top. David Speer, Chairman & CEO, has been publicly recognized numerous times for his strong philanthropic leadership and generous support of cultural, educational and social service organizations. This year, the Midtown Educational Foundation and the Chicago Youth Centers honored Mr. Speer. He was also asked to chair the American Cancer Society’s Discovery Ball and the American Red Cross Heroes Breakfast—events that will take place in 2011.



77%
PARTICIPATION

Traulsen Refrigeration used hands-on outreach and bilingual communication strategies to enroll 77 percent of their diverse staff (hundreds of employees from 17 different countries) in the corporate wellness program.

Ana Flores
Senior Human Resources
Specialist

Mai Nguyen
Personnel Coordinator II

Andres Bolivar
Employee Relations Manager

SENIORS OUTREACH GROUP

Seniors Outreach is an active group of ITW retirees, both men and women, who support charitable agencies through volunteerism as well as financial contributions. In 2010, the Seniors Outreach group provided more than 372 hours of community service in addition to their financial contributions. The group also hosts an annual meeting for retired ITW women and men. This year, retirees visited the corporate office to hear Chairman & CEO David Speer, the keynote speaker, speak about the company's business performance. Mr. Speer also conducted an in-depth question and answer session with the attendees.

**TRAULSEN
HANDS-ON WELLNESS OUTREACH**

Like many of ITW's North American business units, Traulsen, a foodservice refrigeration business in Fort Worth, Texas, offers a voluntary wellness program that includes on-site biometric screenings (such as cholesterol and blood pressure) and online personal health assessments. Traulsen also has one of ITW's most diverse staffs, with 300 men and women from over 17 different countries speaking Spanish, Vietnamese, Croatian, and other languages. Most employees have limited English skills, have never used a computer or the Internet, and face cultural barriers to sharing personal health information.

Not content to let the wellness tools go unused—and risk losing opportunities to improve employee health—a dedicated group of human resources professionals worked hands-on, for many weeks, to bring employees into the wellness program. They delivered informal talks directly on the shop floor, translated the survey format, and set up computer kiosks for one-on-one sessions. The HR wellness team became trainers and educators, not just benefit and employee relations experts. And being bilingual themselves, they were able to communicate with employees and address concerns with sensitivity.

By 2010, Traulsen achieved 77 percent participation despite their unique challenges. Traulsen has supplemented its efforts to get the wellness program off the ground by recruiting wellness "champions" throughout the business unit and establishing walking groups and outdoor recreational sports. Given the known connection between good employee health and workplace safety, Traulsen has incorporated wellness elements into its safety plans as well as other internal initiatives like its United Way campaign, sustainability, and diversity efforts.

**Corporate
Accountability**

At ITW, we believe strongly in the health and safety of our employees, and value the trust that our shareholders have placed in us. High ethical standards, backed by clear and firm governance policies, are part of why we've remained financially sound and strong for nearly 100 years—even during periods of slow economic growth or market fluctuations.

ITW WELLNESS EXPANDS AND REACHES MORE EMPLOYEES

Participation in ITW's free employee wellness program increased in 2010. Over 10,000 employees took advantage of the program's free, on-site biometric health screenings and other resources. Combined with employees who pursued a physician screening based on these tools, almost two thirds of ITW employees took steps toward improving their health in 2010.



THE CHILEAN MINE COLLAPSE – WHEN INNOVATION AND QUALITY MATTER MOST

A commitment to quality high-performing tools, made with integrity, is one of ITW's core values. But rarely has it been tested by situations as extreme as the mine collapse of August 2010 in San Jose, Chile. It took 17 days to locate 33 trapped miners, using drilling rigs that bored 5½ inch holes 2,300 feet deep.

A large rig, nicknamed “the miracle,” bored the 28-inch hole that was used to pull the miners to safety. It was mounted on a custom-built, heavy-duty truck chassis manufactured by ITW's Crane Carrier Company. The widening process began September 5, and with zero downtime attributed to the truck and Crane chassis, drilling was complete by October 9. All 33 miners were returned to safety.

The program was also updated with an expanded portal to give employees enhanced access to healthcare information and a toolkit to give wellness “champions” at our business units the means to initiate local programs. A few of the programs at ITW businesses represent our emphasis on employee health:

- **TRAULSEN REFRIGERATION** in Texas used hands-on approaches to reach 77 percent participation in its wellness program and integrated walking and recreational programs for its diverse workforce (*see profile, p. 11*).
- **AXA POWER**, in Denmark, began closing its office for 90 minutes each day for employees to walk, run, cycle and play soccer together. After exploring different wellness models, the company determined that investing in bikes, running gear and other equipment would reap more benefits than a room full of exercise equipment. They have seen improvements in operating income, the effectiveness of working teams, and overall employee health. And after getting involved with running at work, some employees have been inspired to enter the Copenhagen Marathon.

CORPORATE GOVERNANCE STRENGTHENED

Recognizing that the international legal landscape has become increasingly more complex, in 2010 we strengthened our Statement of Principles of Conduct, an internal set of standards and principles of behavior that apply to all ITW operations, divisions and subsidiaries—no matter where in the world they are located. Our new Anti-Corruption Policy supplements our Statement of Principles of Conduct and provides detailed guidance to our employees on what actions are prohibited under anti-bribery and anti-corruption laws. In 2010, we also adopted two new policies—one that prohibits our key employees from hedging the risk of ownership in ITW stock and another that provides for the recovery of incentive compensation payments from our senior officers in the event of an accounting restatement (whether or not based on misconduct) due to material noncompliance with financial reporting requirements.

MORE ITW BUSINESSES MEET STRICT SAFETY STANDARDS

Our Statement of Principles of Conduct details the requirements that all of our businesses must follow regarding employee health and safety.

- In 2010, four of ITW's businesses met the rigorous requirements of Occupational Health and Safety Assessment Series (OHSAS) 18001. The OHSAS 18001 is a standardized assessment tool used to assess organizations on their health and safety performance. Currently, fewer than 10,000 businesses hold the certification. (*The OHSAS 18001 was developed for compatibility with the environmental management system, ISO 14001. See p. 3.*)
- ITW also increased the number of its businesses in the U.S. Occupational Safety and Health Administration Voluntary Protection Program (OSHA VPP) to five locations. The OSHA VPP recognizes employers in private industry and federal agencies who have maintained injury and illness rates below national Bureau of Labor Statistics' averages for their respective industries.

At ITW, we're very proud that our social commitment has remained strong for nearly 100 years. In 2010, when our company established an even stronger presence in emerging markets all over the world, we followed through with record-breaking charitable contributions and company-wide programs that promote wellness, accountability, and diversity. And despite the challenges of having a global, highly decentralized structure, we've gained real momentum with our programs to launch new sustainability initiatives and capture comprehensive environmental data from each of our businesses—hundreds of them, all over the world. We look forward to leveraging these global insights to strengthen our environmental commitment even further in the coming years.



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