



ILLINOIS TOOL WORKS (ITW)

A diversified manufacturer of advanced industrial technology



Headquartered in Chicago,
Founded nearly 100 years ago with an
initial focus on metal cutting tools

Highly decentralized organization

840 operating units in 57 countries

60,000 employees

19,000 global patents & patent applications





EXTERNAL REPORT CARD

	RANK	2009	2008	2007
REVENUES		169	148	155
NET INCOME		139	103	100
MARKET VALUE		106	108	115
NET INCOME AS % OF REVENUES		164	113	105



8 BUSINESS SEGMENTS



Transportation

Industrial Packaging

Food Equipment

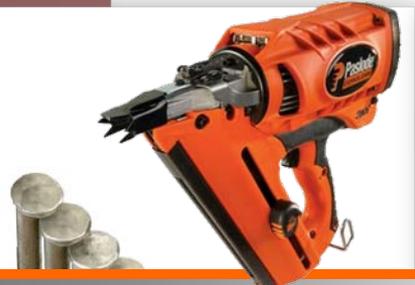
Power Systems & Electronics

15%

14%

13%

12%



Construction Products

Polymers & Fluids

Decorative Surfaces

All Other

11%

8%

7%

20%



UPDATE ON FINANCIAL PERFORMANCE

ITW 25 Year Revenue / Income

CAGR

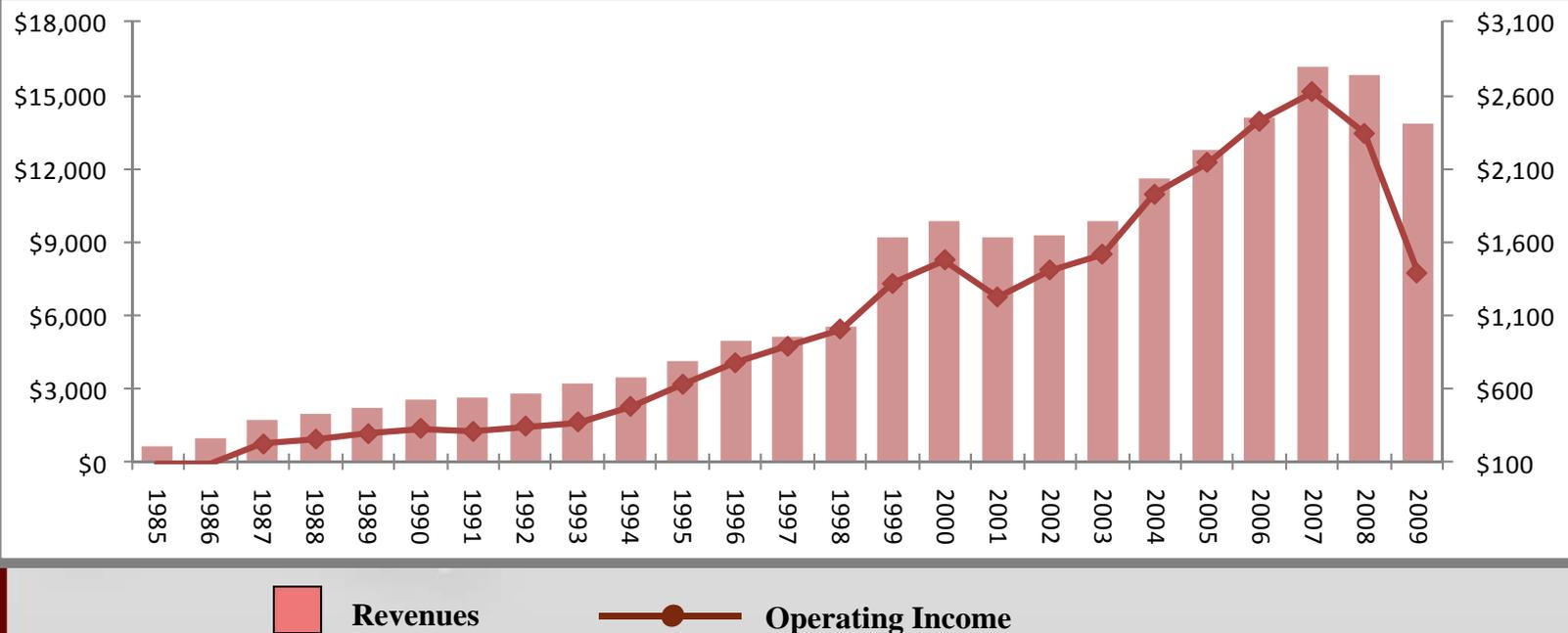
Revenue 15%

Net Income 15%

ROIC 13%



Shareholder Return = 14%



INNOVATION AT ITW

... driving Superior Performance

Unique
Solution
(Differentiable
Sustainable)

Increased
Value For
ITW

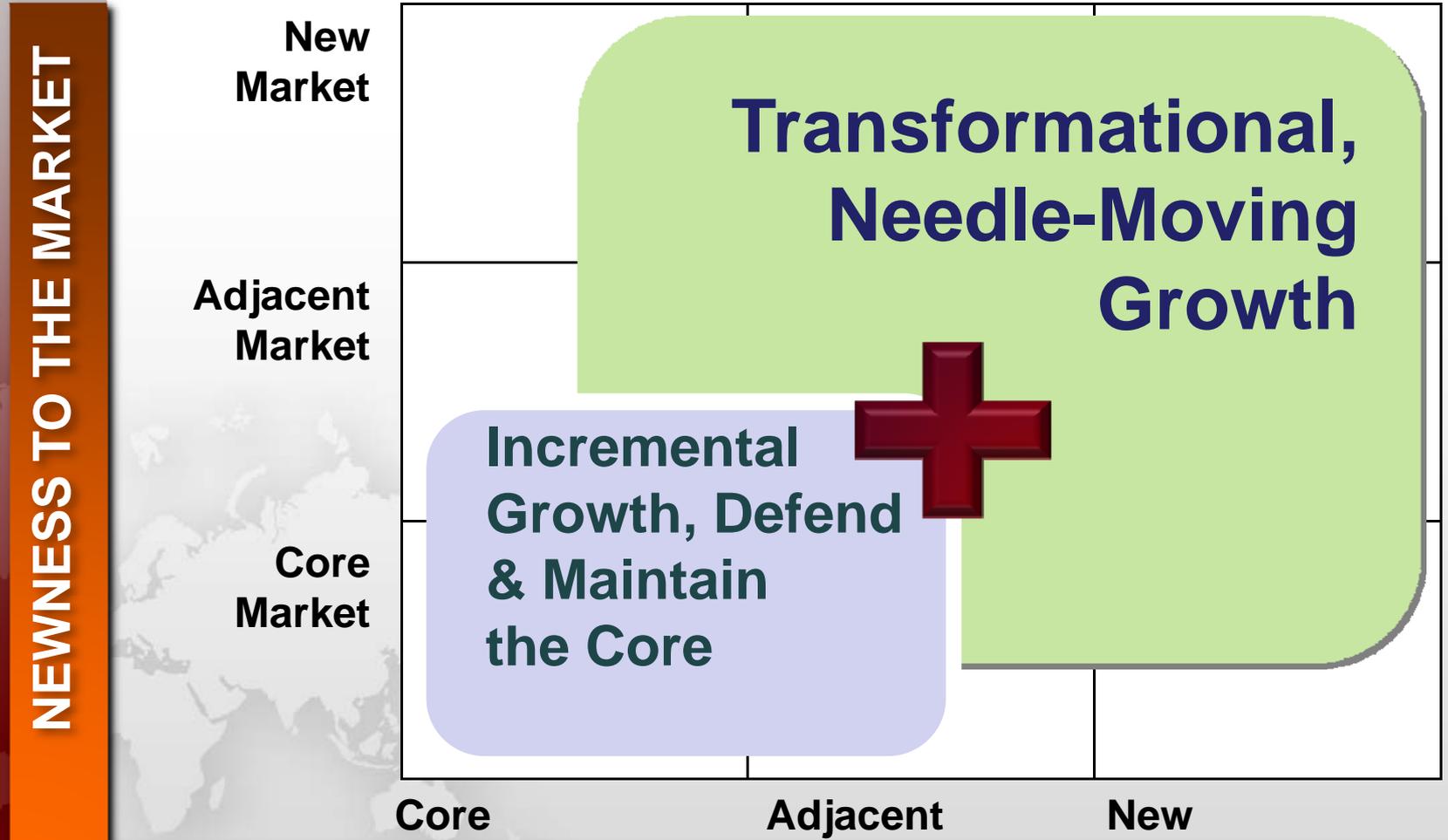
INNOVATION

Increased
Customer
Value

INNOVATION STRATEGIES

Require Balanced Portfolios with Differentiated Approaches

INNOVATION ACTIVITIES



INNOVATION AT ITW

FROM

TO

Inside Out

Outside In

- From Product Looking Out
- Incremental Product Innovation

- Starting from End Market Macro Trends
- Understanding Market Pain Points Before Innovating



Product Innovation

Business Design Innovation

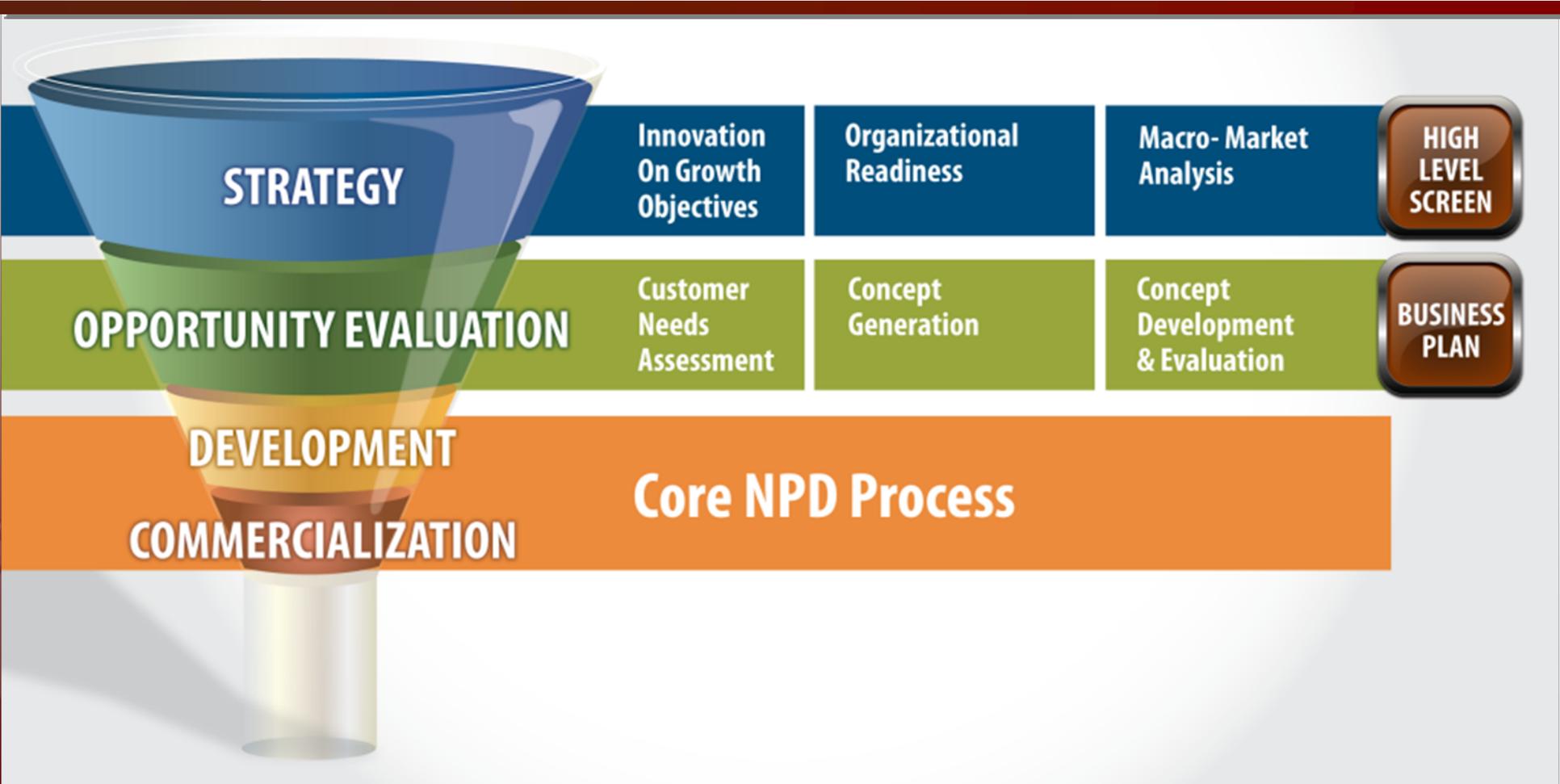
- Product Development Projects
- Best In Class Product

- “10 Types”, “12 Vectors” of Innovation
- Build Sustainable Market Position



CULTURE/ENVIRONMENT + CAPABILITIES = **POTENTIAL TO INNOVATE**

ITW INNOVATION PROCESS





OUTSIDE IN

What Do We Really Mean by That

TRADITIONAL NPD

Talking to Customers

VOC for product / service;
Scenario planning; SWOT

Trade focus and MSF activities

Sell more of what we make today

Fill product gaps

Develop new products

INNOVATION

Voice of Industry/Market (up & down the value chain)

Trends/needs of broader market (Market Map, STEEP, ...)

End-Market Driven Innovation

Deep understanding knowledge
– unmet, un-articulated needs

Anticipate & influence change in market place

Anticipate transformational technology change

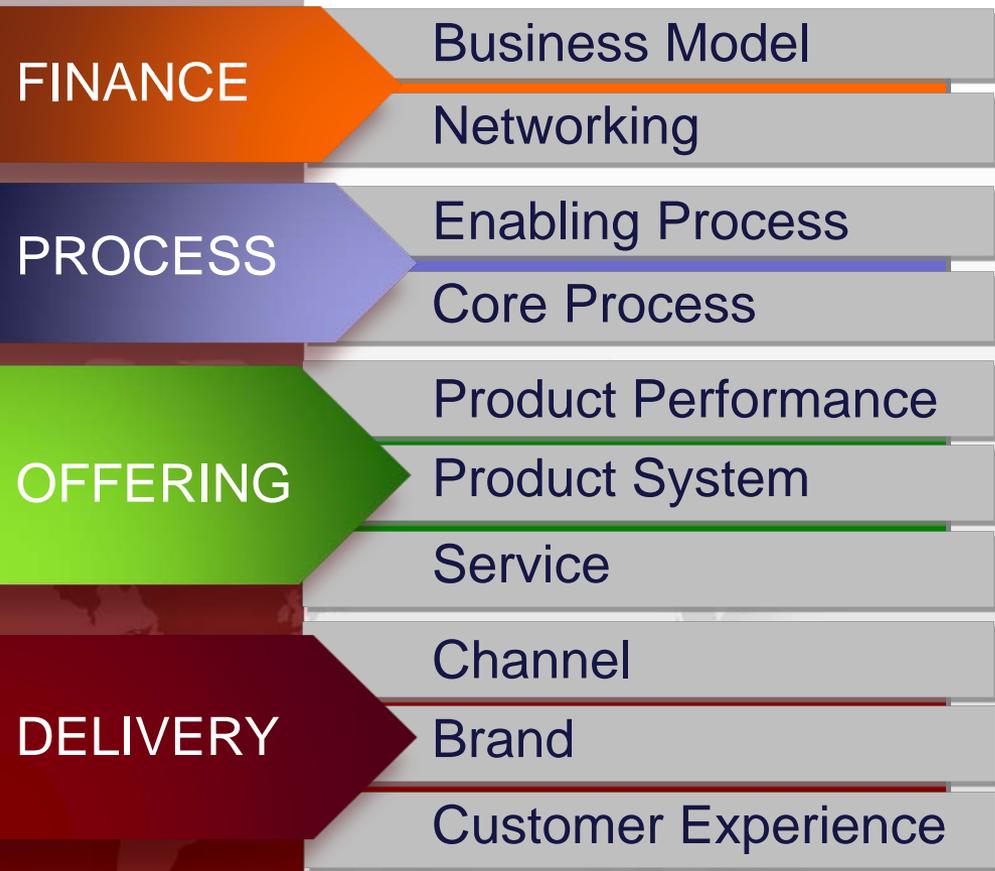


“BUSINESS DESIGN” INNOVATION

Thinking Beyond “Product”

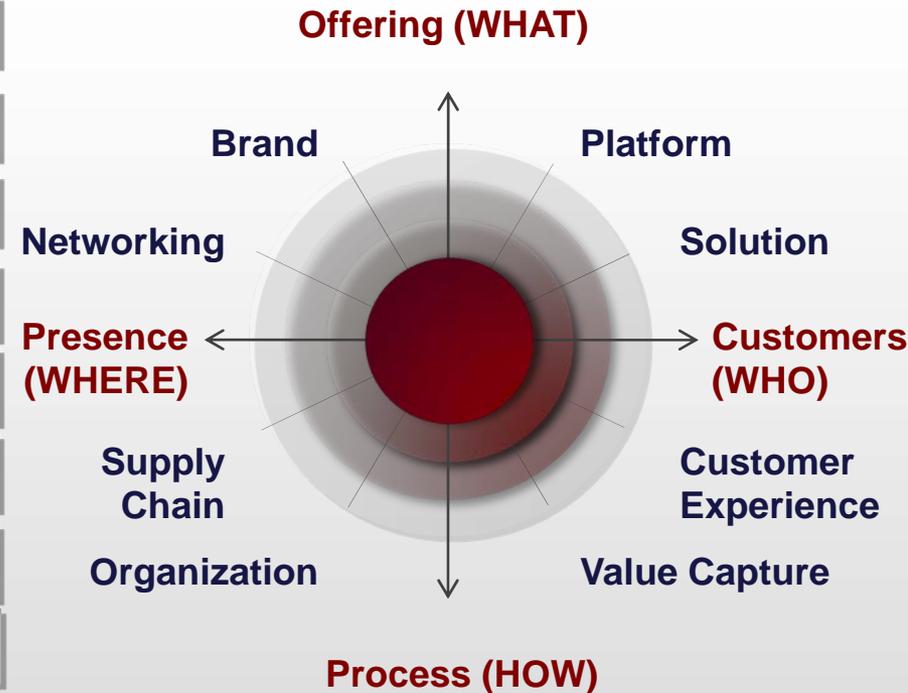
10 TYPES OF INNOVATION

(Doblin Group)



INNOVATION BAR – 12 VECTORS

(Dr. M. Sawhney and Dr. Wolcott Kellogg School of Management)



Innovation Around At Least 3 Areas → More Sustainable Positions