





Illinois Tool Works, Inc.

ITW NYSE

Industrial Machinery / Equipment

Market Capitalization USD: **\$20,744.46 mm**

CONCERN LEVEL: AVERAGE

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: David B. Speer

Age: 60 CEO Since: 2005

	2009	2010	2011
Base Salary	\$1,100,000	\$1,132,492	\$1,166,990
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$1,256,640	\$2,200,000	\$2,184,605
Benefits and Perquisites	\$94,017	\$83,620	\$117,822
TOTAL ANNUAL COMPENSATION	\$2,450,657	\$3,416,112	\$3,469,417
Increase in Post-Retirement Benefits	\$624,701	\$1,303,232	\$1,751,708
Stock Option Awards	\$4,440,686	\$4,439,997	\$5,053,697
Stock Awards	\$2,968,337	\$2,030,770	\$2,224,545
TOTAL COMPENSATION	\$10,484,381	\$11,190,111	\$12,499,367
Median of Other Named Executive Officers Total Compensation	\$3,218,234	\$3,275,660	\$3,853,053
Value Realized on Exercise of Stock Option	\$3,034,145	\$2,521,610	\$2,396,160
Value Realized on Vesting of Stock	\$0	\$0	\$0
TOTAL REALIZED EQUITY COMPENSATION	\$3,034,145	\$2,521,610	\$2,396,160

Proxy Date: 21 Mar 2012

Annual Meeting Date: 4 May 2012

Equity Reserves: 10.64%

Stock Option Run Rate: 0.42%

Illinois Tool Works, Inc.

ITW NYSE

Industrial Machinery / Equipment

Market Capitalization USD: \$20,744.46 mm

Performance Comparison

■ S&P500 ■ Industry ■ ITW



Peer Comparisons (TRBC) = Industrial Machinery / Equipment

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
ITW	Illinois Tool Works, Inc.	\$10,484,381	\$11,190,111	\$12,499,367	\$20,744,457,843
DHR	Danaher Corporation	\$11,049,312	\$17,032,244		\$28,752,162,272
ETN	Eaton Corporation	\$8,536,007	\$12,798,596	\$13,586,010	\$12,084,200,000
SWK	Stanley Black & Decker, Inc.	\$9,602,517	\$32,730,259	\$13,727,871	\$11,417,804,673
GWW	W.W. Grainger, Inc.	\$5,005,497	\$7,648,407	\$9,198,031	\$10,384,705,556
PH	Parker-Hannifin Corporation	\$8,110,109	\$17,312,616		\$10,144,450,985
FAST	Fastenal Company	\$945,092	\$3,146,199	\$3,258,911	\$9,824,384,926

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

3M Company, Eaton Corporation, Masco Corporation, Caterpillar Inc., Emerson Electric Company, Parker-Hannifin Corporation, Cooper Industries Ltd., Honeywell International Inc., Textron Inc., Danaher Corporation, Ingersoll-Rand Company Ltd., TRW Automotive Holdings Corporation, Deere & Company, ITT Corporation, Tyco International Ltd., Dover Corporation, Johnson Controls, Inc., United Technologies Corporation.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
James A. Skinner	Chairman	67	Male	7	Outside
James W. Griffith	Member	58	Male	0	Outside
Kevin M. Warren	Member	49	Male	2	Outside
Pamela B. Strobel	Member	59	Female	4	Outside
Robert S. Morrison	Member	69	Male	9	Outside
Susan Crown	Member	53	Female	18	Outside Related

This report is for informational purposes only, and should not be considered a solicitation to buy or sell any security. Thomson Reuters Business Classification (TRBC) is a global industry classification system that is owned and operated by Thomson Reuters and has been licensed for use by GMI Ratings.

COPYRIGHT 2012 | GMI Ratings | ALL RIGHTS RESERVED